California's Individual Self-Sufficiency Planning (ISSP) Project: *Final Evaluation Report of a State Partnership Initiative (SPI) Demonstration Project*

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What you will find in this *final* report

This report is an *addendum* to our very comprehensive *Interim Report,* dated March 31, 2004 (Shea & Ekstrom, 2004a). Because this report builds on the earlier one, we urge readers to consult the *Interim Report* (i.e., have it with them) when reading this *Final Report.* The *Interim Report* can be downloaded in pdf format from www.allenshea.com. The password is **doublemint**.

In this report, we do several things:

- Provide an overview of earlier findings and recommendations by repeating the *Executive Summary* from the *Interim Report;*
- Present a *logic model,* and say more about comparison groups;
- Extend earlier data on *net impacts*, using covered Unemployment Insurance (UI) data for another year;
- Provide, as an *Insert,* summary information that VCU and MPR would like to have in all project final evaluation reports;
- Discuss more fully *SSI waiver* effects, including some material from a topical report on success stories and a survey carried out in August/September 2004 (Shea & Ekstrom, 2004b);
- Present new material on the relationship between participation in employment services, on the one hand, and changes in Medicaid-funded mental health services, on the other; and
- Modify somewhat our recommendations to the Social Security Administration, particularly around future testing of changes in SSI work rules.

We are unable to report new information on use of SSA benefits and earnings, in large measure because data from Social Security Administration files came to us late, and would require more computer capacity than we have (and more time than we can afford) to get information on SSA benefit usage and earnings. We include in this *Final Report* the highlights of what was reported earlier on benefit usage, along with some *case study* material from our recent interviews of successful participants. Our earnings data are from UI records, and miss some earnings, most notably earnings from sheltered work and public employment organized through VRS at San Mateo, which should be reflected in SSA files.

Acknowledgements

We want to thank, once again, the many individuals who contributed to our *Interim Report,* distributed last March (Shea & Ekstrom, 2004a). Since that time, we have had additional help from Sara-Jane Gilb, Research Program Specialist, California Department of Mental Health (DMH). Under the leadership of Kathy Styc, Sara-Jane matched Department of Rehabilitation (DOR) with DMH files on Medicaid-funded public mental health services, and (thankfully) summarized an enormous volume of raw data, so that it could be readily analyzed and reported. The results can be found in Chapter V. We also wish to thank Amy Allen, a senior at the University of California-Santa Cruz, who conducted follow-up interviews of initial non-respondents to a mail questionnaire survey conducted in July and August of this year. Her work is reflected in the topical report on interviews and on the mail/telephone survey of all participants (Shea & Ekstrom, 2004b). We are very grateful for the help provided by all ISSP staff, especially Nancie Broman (San Mateo) and Angelina Quintana (Kern), who (1) provided names, addresses, and telephone numbers for our questionnaire survey and (2) made arrangements for our interviews last August.

We are deeply indebted to the men and women who shared elements of their stories with us in August. Steve and I came away marveling at their tenacity and resilience. We wish this wonderful group of fellow citizens the very best in the years ahead. It has been a privilege learning from their experiences.

This report has been a collaborative effort involving our two companies and the California Department of Rehabilitation, Department of Mental Health, the Social Security Administration. This study was funded, in part, through a Cooperative Agreement between the Social Security Administration and the State of California (Grant #12-D-70339-9-01). The contents and opinions expressed herein do not

necessarily reflect the position or policy of the Social Security Administration or of the California Departments of Mental Health or Rehabilitation, and no official endorsement should be inferred. Requests for copies of this report should be sent to John Shea, Allen, Shea & Associates, 1780 Third Street, Napa, CA 94559 (email: allenshea@sbcglobal.net)

John Shea
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Preface to *Final Report*

At the State Partnership Initiative (SPI) Conference in August 2004, Mathematica Policy Research (MPR) outlined what they expected in state final evaluation reports. Here is the outline they presented:

I. Program Rationale and Logic Model

II. Participants and Their Experience

- To describe intervention nature and intensity
- To facilitate interpretation
- To help other operators replicate your success
- To support budgeting

III. Evaluation Design and Why It Should Be Believed

- Sceptic's Concerns:
  - Enrollees tend to differ from nonenrollees
  - People enter training programs when they want change
  - Past behavior may not predict future change
- Approach:
  - Show the comparison group is similar
  - Include all participants with follow-up

IV. Overall Net Effects

- Summary of Estimates Table
- Inflation Adjuster (CPI-W or GDP)

V. Subgroup Net Effects

VI. System Changes

VII. Conclusions

We have tried to honor these requests, within time and resource constraints. Often, as with System Changes, we do little more than refer the reader to the relevant section of our *Interim Report* (Shea & Ekstrom, 2004a). To be sure, there have been further positive developments in most areas, but the press of other, more analytic work prevents us from updating the reader in greater detail on System Changes.

Acronyms

Below, as an aid to the reader, we simply repeat the acronyms listed in our *Interim Report,* on pages xi to xii. One will find only some of these acronyms in this *Final Report.*

BAT	Benefits Acquisition Team
BC	Benefits Coordinator
BPAO	Benefits Planning, Assistance, and Outreach
BPIC	Benefits Planning Information Center
CARF	Commission on Accreditation of Rehabilitation Facilities
CDR	Continuing Disability Review
DHS	Department of Health Services, California
DMH	Department of Mental Health, California
DOL	Department of Labor, U.S.
DOR	Department of Rehabilitation, California
EDD	Employment Development Department, California
EPTS	Employment Partnership Training Series
FFY	Federal Fiscal Year
GAO	Government Accounting Office, U.S.
HUD	Department of Housing and Urban Development, U.S.
IA	Independence Account or Interagency Agreement
IPE	Individual Plan for Employment
IRWE	Impairment-Related Work Expense
ISSP	Individual Self-Sufficiency Planning Project
JTPA	Jobs Training Partnership Act
KCMH	Kern County Mental Health
MIG	Medicaid Infrastructure Grant
MPR	Mathematica Policy Research
OTES	On Track Employment Services
OTWG	Outcome Tracking Workgroup
PASS	Plan for Achieving Self-Support
ROP	Regional Occupational Program
SC	Service Coordinator
SFY	State Fiscal Year

SPI	State Partnership Initiative
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
UI	Unemployment Insurance
VCU	Virginia Commonwealth University
VR	Vocational Rehabilitation
VRS	Vocational Rehabilitation Services
WASP	Workforce Accommodation Specialist Program
WIA	Workforce Investment Act
WIB	Workforce Investment Board
WIG	Workforce Incentive Grant
WRAP	Wellness Recovery Action Plan or Workforce Investment Resource and Accommodation Program

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Executive Summary

PROGRAM RATIONALE AND LOGIC MODEL

The original rationale was (1) benefits counseling to allay *fear* of benefit loss from working, and (2) longer-term employment support by someone who could do whatever was needed to help the participant find employment, stay employed, and progress in a career. Once individuals enrolled in the project, it became apparent that assisting the person to manage their benefits while working was equally (if not more) important. And, for those who stayed in the project over several years, long-term follow-up seems to have made a difference in outcomes. With the addition of SSI waivers in May 2001, and upon confirming that *stayers* (in the project) did better than *leavers* in terms of growth in employment and earnings, a broader conceptual framework came to inform our work, and, particularly, interpretations of what we have been learning. This broader framework (logic model) points to the importance of understanding factors that influence *entering* vocational rehabilitation and employment services, and *progressing* to employment and higher earnings.

PARTICIPANTS AND THEIR EXPERIENCE

Through a competitive application process, two DMH/DOR Cooperative projects out of 17 applicants were selected to demonstrate project services: one in Kern County (OTES) and one in San Mateo County (VRS). Three teams, each composed of a

Benefits Coordinator (BC) and a Service Coordinator (SC), were added to pre-existing Cooperative program services. Each team was to work with about 50 individuals at a time. The BC/SC teams were relatively small additions to well-established Mental Health Cooperative programs, and because a DOR connection was not required of project participants, some project services were a *replacement* rather than an *enhancement,* at least for some of those without a DOR connection at the Kern County site. The SC at Kern County ended up doing considerable job development and some job coaching, because accessing these Cooperative program services was difficult (if not impossible) for those without a DOR connection.

The major services received by project participants were (1) benefits analysis, planning, and assistance, and (2) case management (or, Service Coordination). Many individuals used many other services. These included vocational counseling, resume writing, honing job interviewing skills, supported education, job development, job placement, and job coaching for many.

EVALUATION DESIGN

California used a matched comparison group, quasi-experimental research design. All comparison group members were selected from the DOR client database. Each had to be involved in DOR services over a comparable time frame as the participant; each had to have a severe psychiatric disability; and each had to be receiving SSI, SSDI, or both. Because we did not have work history, we chose SSA Benefit Status (SSI Only; SSDI Only; or Concurrent), which we knew would also be important in its own right (e.g., SSDI earnings *cliff)*, as a proxy for work history. Using systematic sampling with a random start, comparison group members were selected to give us comparability simultaneously across Major Disability and SSA Benefit Status. For example, if a participant were a person with a Mood Disorder receiving SSDI Only, his or her match was selected from the DOR database in the cell representing that sampling strata. We decided on three comparison groups: B, C, and D. Comparison Group B is composed

of individuals living in Sacramento and Fresno counties, two counties with similar labor market conditions and similar size DMH/DOR Cooperative programs. Comparison Group C is individuals living in other counties with DMH/DOR Cooperative programs. Comparison Group D is individuals in selected other counties without a Mental Health Cooperative program, but at least one metropolitan area with at least 25,000 population.

In this report, we focus less on geography and more on service arrangements, because more than half of those in Group B, and many of those in Group C, were served by DOR Generalist Counselors. Hence, we often compare project participants with comparison group members (1) receiving Mental Health Cooperative services or (2) served by DOR Generalist Counselors. When we do so, we drop a relatively small number served by other projects.

Because so many of those entering the ISSP project in SFY 1 were already employed, comparison group members had to have an open DOR case at some time during that fiscal year. Beginning with SFY 2, we further imposed the requirement that a comparison group member have been in Status 2 (enrollment in DOR services) during the same year. Our reasoning was that most project entrants beyond SFY 1 were replacing individuals who had left the project, and many would be *new* to services focusing on paid employment in integrated settings.

OVERALL NET EFFECTS

We expected rather modest *net effects* for at least three reasons. First, the addition of two-person, project-funded teams of a BC and SC (working with 50 clients at a time) was a rather small addition of staff to preexisting employment teams. Second, each comparison group was tightly drawn to be very similar in terms of (1) Major Disability (Psychosis; Mood Disorders; Other Psychiatric); (2) SSA Benefit Status (SSI Only; SSDI Only; and Concurrent); and (3) receiving vocational rehabilitation and employment services at comparable points in time.

California's SPI project quickly enrolled participants to reach a target of 150 by September 30, 1999. Many of the initial entrants to the project during SFY 1 (actual entry from January through June 1999) "needed extra support." Many had been in and around VRS, working at their Sheltered Workshop and in *temp, trainee* positions organized through VRS. Staff was new, being trained, and there was a lack of clarity about meeting the expectations of the Social Security Administration. Moreover, at Kern County, two SCs came and went, before it became clear that for many individuals the two-person team was not an *enhancement* of services, but a *replacement.* The reason was difficulty (and sometimes refusal) to sign up with DOR, which meant that the person could not fully access services provided under the DMH/DOR cooperative services contract.

Employment and Earnings

Here is what we can say about *net effects:*

- Of those who entered the project between January 1, 1999, and June 30, 2001, both in the percentage with any covered UI earnings and in mean covered earnings (total N as the base), there was little difference between project participants and comparison group members.

- This lack of overall difference hid the fact that SFY 1 project entrants did less well than their counterparts, while the opposite was true for SFY 2, 3, & 4 entrants. For the latter (entrants beyond SFY 1), covered UI earnings were essentially the same (just over $300 a quarter) for project participants and comparison group members in Q-1, the quarter before project entry. Within a year (Q4), mean earnings for the comparison group members had essentially doubled (to $600 per quarter), but for project participants had essentially tripled (to $900 per quarter).

- By a year-and-one-half beyond project entry (or, pseudo-entry for comparison group members), mean covered earnings (1) continued to grow for project participants with entry in SFY 2 & 3, (2) stayed about the same for comparison group members served through Mental Health Cooperative projects, but (3) actually declined somewhat for those served by Generalist Counselors.[1] This longer-term difference may be attributable to on-going support, as well as continued movement from sheltered and public employment to integrated, regular jobs in the community.

As for SSI waiver effects on employment and earnings, especially the $3 for $4 additional earned income exclusion, it appears that this waiver impacted the earnings of those who had some earnings. There is no evidence that the SSI waivers increased the percentage of SSI recipients with some earnings in any quarter, but mean covered UI earnings for those receiving SSI did reach (and exceed) the earnings of comparison group members receiving SSI. In the quarters before the SSI waivers went into effect (May 2001), the mean earnings of project participants receiving SSI were consistently below the mean earnings of comparison group members receiving SSI.

SSA Benefits

Since we were unable to use SSA data supplied to our project through VCU/MPR, what we can say about impact on SSA benefits is limited to what we said in our *Interim Report,* supplemented with some case study material from interviews conducted with *successful* project participants in August 2004. Via queries

[1] This speaks to the likelihood that long-term employment support in the ISSP project paid off. In their comprehensive examination of the effectiveness of the Federal Vocational Rehabilitation Program, GAO (1993, p 3) reported that "GAO's evaluation of long-term outcomes found that rehabilitants' gains in employment and earnings from time of referral to their case-closure year of 1980 faded after about 2 years."

performed by Gail Sandberg, at SSA's Center on Disability in Richmond, California, we can say some things about the 148 project participants in May 2003. Of that number, 133 were receiving some SSA benefits in June 1999. Here is what we know about the 133:

- There was a small net reduction (-1% SSDI and –3% SSI) in the number receiving these SSA benefits.
- Both SSDI and SSI dollar amounts, in total, rose, but by somewhat less than cost-of-living adjustments.
- Four individuals left the SSDI roles, while eleven had increases in SSDI of 20% or more, with six of the eleven seeing changes of 52% to 85%, nearly all due to quarters of higher earnings replacing quarters of lower earnings.
- Had the $1 for $2 rule (on earnings above $65 or $85 in the month) still been in effect, SSI outlays for the 133 participants would have declined by an estimated 3%, rather than have risen by 12%.
- Estimated earnings for SSI recipients with *imputed earnings* rose from $17,683.36 in June 1999 to $31,620.42 in May 2003.
- While ten individuals who received SSI benefits in June 1999 received no such cash benefit in May 2003 (some because of SSDI increases), an additional nine individuals had estimated earnings in that month which would have ended their SSI cash benefit had the old $1 for $2 rule applied.
- SSI outlays would have been about $5,000 lower, in total, in May 2003 than they actually were, had the $3 for $4 waiver not been in effect.

An unanswered question is how individuals will adjust to the end of the $3 for $4 waiver, which took place October 1, 2004. Based on our interviews conducted with

27 successful participants, we know that the biggest impact, ceteris paribus, will be on those with earnings near the cash break-point where the SSI cash payment goes to zero under the $1 for $2 rule. There, with California's State Supplemental Payment, the overall effect on income will be about $335 per month less. In percentage terms, the biggest decline in total income will be about nearly 18%.

It is unclear how SSI recipients will adapt to the change. Some receiving a small benefit and earning well above the $1 for $2 break-point, are very likely to continue working, making do with a little less total income. Some who have financial obligations, some of which emerged as a result of their economic success, may work and earn more to maintain their present lifestyle. Some, with other good uses of their time (e.g., going back to school), especially if they face rather high costs associated with working (e.g., transportation expense), are likely to work less. All of this is consistent with what economists call *income* (increasing leisure) and *substitution* effects (choice of alternative activity) associated with higher (or, in this case, lower) total income.

Use of Mental Health Services

We know from a *retrospective study,* based on DOR case files from the mid-1990s, linked to DMH data on selected Medi-Cal funded services, that those with successful DOR case closures (*26s)* used about $820 per year less mental health services after case closure compared with before. Much of the reduction (71%) was in the area of Day Treatment. In effect, employment and, we suspect going to school and engaging in volunteer and other activities, took the place of Day Treatment for many. In our *retrospective study,* we observed that (1) those with unsuccessful case closures following services to implement their IPE also had reductions in use of mental health services, of a lesser amount, and (2) there was a rebound upward in inpatient services, to nearly the level *Before* DOR case opening.

Now, we can report that *prospectively,* ISSP project participants used nearly $1,000 per person-year less mental health services *After* project entry compared with *Before.* Much of the cost savings were in (1) inpatient services; (2) residential services; and (3) mental health services (not elsewhere classified). The need for in-patient services did not rebound upward, suggesting that long-term employment support may have been beneficial in that regard.

SUBGROUP NET EFFECTS

With the addition of SFY 4 entrants and comparison group members, we doubt that subgroup *net effects* will be much different from what we reported in our *Interim Report.* Therefore, we simply call the readers attention to what we reported earlier.

Over a four-year period, average covered UI earnings per project participant (*N*=208) nearly doubled from $417 to $799, despite a three-percentage-point reduction in the proportion with some earnings.[2] (The increase among those entering the project beyond SFY 1 was much greater over any common time span.) The increase among comparison group members (Groups B, C, & D, combined) was $424 to $899, or slightly greater, but the difference at either point in time is not statistically significant. (Again, as pointed out earlier, these numbers are heavily influenced by SFY 1 entrants, who as a group operated as a *drag* on economic accomplishment.)

In terms of demographic variables, gender and race/ethnicity differences were quite different for project participants than for comparison group members. To be specific, men in the ISSP project did much better than women, whereas women in comparison groups did as well as (or, better than) their male counterparts. Major Diagnosis made little or no difference for either group (participants or comparison group members).

[2] The earlier GAO Report (1993, p. 3) found that post case-closure, "The fraction working shrank steadily."

Younger individuals of both groups had consistently higher proportions with some earnings than older individuals, especially those 50 years of age or older. With a few exceptions, differences by highest year of school completed were as expected, with those with more education having both higher mean quarterly earnings and larger proportions with some earnings.

Several differences in outcomes in relation to service experiences are noteworthy. Among both participants and comparison group members, those receiving SSI Only started off (Q-3 to Q0) with lower earnings than those in other SSA benefit status categories (i.e., SSDI Only; concurrent beneficiaries), and the SSI Only group ended up three years later with higher mean quarterly earnings. In the case of project participants, the change in covered earnings per person per quarter from Q5-Q8 to Q9-Q12 was especially large ($551 to $889), and we speculate that part of this change is attributable to introduction of the SSI waivers in May 2001. Whether a person had some covered UI earnings in the quarter before entry to the project (or, pseudo-entry) made a big difference in the subsequent pattern of mean earnings and proportions with some earnings. Nevertheless, none of the *difference in differences* associated with this variable is statistically significant.

One of the intriguing differences, by service experience, relates to the year in which the person entered the project, or was selected into a comparison group. [For this reason, this, our *Final Report* deals at length with this difference.] Participants who entered in SFY 2 or 3 (July 1, 1999 to June 30, 2001) had lower covered earnings in the base period (Q-3 to Q0) than those who entered in the first year, but had substantially higher earnings in subsequent 12-month periods.

As for having a DOR connection at or near time of enrollment in the project, and whether the person stayed or left the project by December 31, 2001, the data are clear that *stayers* did better than *leavers,* and those with a DOR connection did better than those who were unwilling or unable to sign up for DOR services.

SYSTEM CHANGES

We reported on system changes (local and statewide), in detail, in our *Interim Report,* and have very little to add. We know of efforts underway to expand use of the 250% Working Disabled Medi-Cal Buy-In program. This involves outreach and training for Medi-Cal eligibility workers in each county, and for individuals with disabilities and their allies, so that more understand this new option. We also are aware of many on-going, federally supported efforts (1) to make One-Stop Career Centers more accessible and useful for individuals with disabilities, and (2) continued evolution of a benefits website at the World Institute on Disability, in Oakland, California.

CONCLUSIONS

A *logic model* for services and evaluation needs to be multi-equation, with factors (including some that can be manipulated through policy and practice) explaining (1) initial engagement in specialized employment services; (2) variation in short- and intermediate-outcomes of interest (e.g., employment, earnings, and reduced use of SSA benefits); and (3) continued attachment to the work force and progression in career. At the two project sites, from one SFY to the next, an increasing percentage of new entrants were SSI recipients, suggesting that the SSI waivers influenced *initial engagement.* Interviews – though not scientific or necessarily representative – support this assertion. See Shea & Ekstrom (2004b).

The project funded a two-person team of a BC and SC for every 50 individuals engaged in the project. In large measure, this low average "case load" is responsible for the good humor, personalized assistance, accessibility, and helpfulness of project staff. Then, too, as time went by, project staff more clearly embraced self-reliance as a goal, albeit one of many, including *recovery* from mental illness (or, better management or

symptoms) and improvements in other dimensions of the individual's life (e.g., housing, relationships).

Several successful individuals, in terms of employment and earnings, were not happy to be forced to stay *poor* (continue to have less than $2,000 in countable resources). The countable resource limit of $2,000 in cash or near-cash assets became increasingly a problem as individuals earned more income or received earned income tax credits or renter's assistance rebates. When combined with the observation that about 10% of those receiving SSI received a cash benefit only because of the $3 for $4, and that had the $1 for $2 applied, ceteris paribus, SSI transfer payments would have declined rather than risen at about the cost-of-living, we suggest that SSA test:

- Not broadcasting and making certain waivers (e.g., $3 for $4) immediately available to everyone for the asking, but conditioning these kinds of waivers on effort and accomplishment.

- As an option, offering the $3 for $4 for a limited period of time (3 to 5 years) to those who get close to SGA.

- As an option, offering a reduced rate of reduction in SSI contingent on earnings, with SSA matching savings (say $1 for $1) from earnings set aside in Independence Accounts and not counted toward the $2,000 countable resource limit, whether withdrawn or not.

- For those who leave the SSI cash benefit rolls, requiring that the person be below the $2,000 countable resource limit for Expedited Reinstatement or for eligibility upon reapplication for SSI benefits.

These suggestions are a refinement of one recommendation among a set contained in our *Interim Report,* and repeated on pages 26-31 of this *Final Report.*

I. Summary of Earlier Findings and Recommendations from the *Interim Report*

To provide an overview of our earlier findings and recommendations, here is what we said in the *Executive Summary* to our *Interim Report,* dated March 31, 2004. Occasionally, we add footnotes where our current thinking (e.g., recommendations) diverge from what we said earlier.

Rationale for the State Project

Service and Policy Gaps Addressed by the State Project

Among working-age Californians with severe psychiatric disabilities, low rates of job placement and retention reflect many factors, including the tradition within both Vocational Rehabilitation and public Mental Health of time-limited response to pressing needs. Also, there is much confusion and a rather pervasive belief within the disability community that earnings from work will interfere with continued receipt of cash and other (e.g., medical care, housing) benefits. Often, the assumed impact of earnings on benefits is overstated, and reflects limited awareness of work incentives.

Specific Interventions Delivered by the State Project and Target Population

California's *Individual Self-Sufficiency Planning* (ISSP) project was designed to demonstrate the value of two sets of activities often missing (or, poorly developed) in the existing service system: (1) financial planning and assistance to reduce *anxiety* about working at all*,* and to lessen the impact of benefit problems and surprises when

working, and (2) long-term employment support – that is, helping the person find and use resources (natural, generic, and specialized) that a person may need to get and keep a job, and to progress in a chosen line of work.

System Changes Sought by the State Project

San Mateo's Vocational Rehabilitation Services (VRS) and Kern County's On Track Employment Services (OTES) were selected to demonstrate the value and impact of three two-person teams of Benefits Coordinators (BCs) and Service Coordinators (SCs), each working with about 50 individuals at a time. These project-funded services were added to rather well-developed Mental Health Cooperative program services already in place. Being involved in the One-Stop Career Center system was also a prerequisite in the site selection process. Leaders of California's SPI project were eager to secure "waivers" to test new work incentives. In addition, finding ways to continue needed health care coverage was a desired outcome. If the project were successful in terms of positive impacts on employment, earnings, and reduced use of public mental health services and SSA cash benefits, project leaders envisioned finding ways (through DOR fee-for-service, Medicaid, and/or SSA) to continue quality, intensive benefits counseling and assistance into the future.

The Policy and Service Environment of the State Project

On April 1, 2000, California's 250% Working Disabled Medi-Cal Buy-In program was initiated. California's Medicaid Infrastructure Grant (MIG) and Workforce Incentive Grants (WIGs), along with continuing efforts to make One-Stops as useful as possible for everyone wanting to work, were contextual elements. VRS in San Mateo County, and OTES in Kern County, have been Mental Health Cooperative programs since the early 1990s. Each provides an array of services, including vocational assessment, planning, employment preparation (e.g., resumes, job-seeking, job interviewing), referral

to training or supported education, job development and placement, and job coaching if needed. VRS is considerably larger than OTES, serving about 500 individuals each year, compared to 100 or so in Kern County. At OTES, no one specialized in benefits counseling or assistance prior to the SPI project. At VRS, two Benefits Technicians (consumers with training in the area) provided some services (e.g., explaining how earnings impact certain public benefits). More intensive work was left to other staff. As one might expect, lacking knowledge and understanding of complex benefit issues, at both sites there was a tendency not to provide much information, but simply to refer the person to the agency (e.g., SSA) providing the benefit involved. On-going employment support, beyond successful placement (and case closure by DOR), was not well developed at either site. By agreement (and expressed in contractual language between DOR and the involved county mental health department), County Mental Health was to provide longer-term employment support for a few clients who seemed to need such. In actuality, relatively little was done to help with job retention, career progression, and continued attachment to the workforce.

Evaluation Design

The Comparison Being Made in the Evaluation

Outcomes of interest were changes in (1) employment; (2) job retention; (3) earnings; (4) use of SSA benefits; (5) DOR success rate; and (6) use of selected mental health services, such as day treatment and in-patient care.[3] *Net impacts* were to be inferred by looking at *differences in differences,* comparing those receiving the project-funded ISSP services with comparable others. *Comparability* was tightly defined. Each comparison group member had to be using DOR services over comparable periods of time. Each had to have a severe psychiatric disability. Each had to be receiving SSI, SSDI, or

[3] We have nothing to add in this report on job retention and DOR success rates. Please see our *Interim Report* (pp. 93-98) for our earlier findings.

both. Our matched comparison groups were constructed using stratified random sampling techniques, from DOR client case files. Without readily available information on work history, and upon learning that SSA Benefit Status (SSI, SSDI, or both) is rather strongly predictive of rate of successful DOR case closures, we established sampling strata based simultaneously on Major Diagnosis (i.e., Psychosis; Mood Disorders; Other Psychiatric) and SSA Benefit Status. In effect, SSDI served as a partial proxy for work history.

Each year, we evaluators visited the two demonstration sites, and every other year, we visited Mental Health Cooperative programs at two chief comparison sites (in Sacramento and Fresno counties). At each site visit, topics of interest included, but were not limited to:

- the evolution of the enhanced, project-funded services;
- changes in the work of the larger teams providing employment services;
- whether projects were attracting similar (or different) clientele with the passage of time;
- any changes in the sequence or intensity of services;
- working relationships with local SSA offices;
- use (or non-use) of work incentives such as SSA waivers and the 250% Working Disabled Medi-Cal Buy-In Program;
- changes in use of One-Stop Career Centers; and
- changes in the larger environment (e.g., labor market conditions, extensions or contractions in public transit).

In 2002 and 2003, we also asked a set of *process* evaluation questions crafted by VCU. And, over the entire five-year period, we attended two-day, quarterly project meetings where, among other things, each site reported on its progress and accomplishments. All of this fieldwork enabled us to track relevant changes associated with the passage of time.

Method for Selecting Comparison Groups

One comparison group (Group B) consists of comparable DOR clients residing in Sacramento (the match for San Mateo) and Fresno (the match for Kern) counties. The two chief comparison counties were selected on the basis of comparable-size Mental Health Cooperative programs and roughly comparable labor market conditions (e.g., unemployment rates, and seasonal employment patterns). Another comparison group (Group C) consists of comparable DOR clients from all other counties having Mental Health Cooperative programs. Members of the third comparison group (Group D) are DOR clients living in selected counties without Mental Health Cooperative programs. Here, necessarily, DOR services are delivered largely through *DOR Generalist Counselors* with no formal collaboration with mental health professionals.[4]

Data Used in the Evaluation

Our principal quantitative information comes from (1) the California Employment Development Department's (EDD) covered Unemployment Insurance (UI) quarterly earnings records; (2) the DOR client characteristics data base, supplemented by the sites for those without a DOR connection; (3) quarterly updates from the sites; (4) VRS data on earnings from The Work Center (a sheltered workshop) and temporary, trainee positions; (5) consumer-to-consumer interview information from a survey involving 49

[4] We learned that *county* was far from synonymous with *program* or *service arrangement.* Hence, in this *Final Report,* we focus on *program* (Mental Health Cooperative program vs. DOR Generalist Counselor), and we drop those served through other special projects when we do so.

individuals at the two ISSP sites; (6) SSA data provided through the Center for Disability for Region IX of the Social Security Administration; and (7) Department of Mental Health (DMH) data on selected Medi-Cal-funded mental health services.

In answering the process evaluation questions, our major sources of information have been interviews with project personnel at the two demonstration sites, plus information provided by the Project Manager and Project Directors at DOR Headquarters in Sacramento.

Analysis Methods

In chart or tabular form, much of the analysis relies on various measures of employment and earnings, tied to the quarter in which the ISSP participant entered the project, comparing the pattern in outcomes to those of comparison group members. With regard to qualitative aspects of the evaluation, conceptual frameworks from economic, sociological, and organizational development perspectives are used, along with expert opinion, other studies, and what some would call "common sense." Looking to the future, our impact evaluation of the SSI waivers will focus, as well, on *Before/After* changes in time series trends.

Description of the Participants and Their Project Experiences

Characteristics of Participants

Here are some basic characteristics of individuals who entered the ISSP project by June 30, 2001:

Gender: 47% Female; 53% Male

Age (as of 1/1/99): 16% under 30 years of age; 34% 30-39 years old; 32% 40-49 years old; 18% 50 or older

Race/ethnicity: 73% Non-Hispanic White; 14% Hispanic; 7% Black; 6% Other

Educational attainment: 5% 8 years or less; 12% 9-11 years; 37% 12 years; 34% 13-15 years; and 12% 16 years or more

Major diagnosis: 38% Psychosis; 57% Mood Disorders; 6% Other Psychiatric

Because of stratified random sampling, members of Group A (project participants) are very similar to B, C, and D in terms of SSA Benefit Status and Major Diagnosis. Gender and age group differences are minor. Between 11% and 19% in various groups report not completing high school. Nearly a fifth (17%) of those in Group D achieved the baccalaureate level; the same is true of about one-tenth (11-12%) of those in the other three groups. The biggest difference in race/ethnicity is between those in Group D (outlying, more rural counties except for Orange County) and Groups B and C, where the vast majority of consumers live in large, urban areas. Group C includes Los Angeles County, for example. Group D has few Hispanics, and more Whites than any other group. Groups B and C have two-to-three times the proportion of African-Americans as in Group A (16-21% versus 7%).

How Participants Differ from Eligible Beneficiaries Who Did Not Participate

The ISSP project attracted a disproportionately large number of individuals with Mood Disorders (e.g., Depression; Bi-polar), receiving SSDI, often concurrently with SSI. In addition, proportionately more ISSP participants were working when they entered the project than would be true of new entrants to DOR services, in general.

Participation Patterns

California enrolled its first participant in the ISSP project in January 1999, and both sites essentially filled all of their slots (50 at Kern; 100 at San Mateo) by September 30 of that year. Kern struggled more than San Mateo to reach capacity operation in the first year. Since that time, more than 250 individuals have received ISSP services, with individuals

typically entering from a waiting list when a vacancy occurs. (This [Interim] report is limited to 208 individuals who entered the project by June 30, 2001.) According to VCU quarterly update forms, nearly all who entered the project by December 31 of that year (204/220) received Benefits counseling services, all of which was project-funded. An even higher percentage (216/220) received "case management" services, with 193 getting such services from project-funded sources – typically the Service Coordinator. With more than 38,000 hours of project-funded services provided to 220 participants through March 2002, the average number of project-funded hours received was 173 (Deke and Peikes, 2003, p. 23). Of those who left the project, median months in the project were 13.9, indicating that significant services were typically received prior to disenrollment. Using the consumer-to-consumer survey information, we report on occupational assignments, industries and sectors where participants worked, rates of pay (range $6 to $20 per hour; average about $9), fringe benefits, hours, and responses to questions about services and interactions with the local office of the Social Security Administration.[5]

Overall Net Effects of the State Project Intervention

Several measures of employment and earnings [based on entrants to the project in the first three years], using covered UI data, show similar patterns over time (from quarters before or at entry or pseudo-entry) for each of the four groups.[6] That is, no group stands out on any one measure. In general, those in Group A did about as well as those in Groups B, C, and D.

What distinguishes Group A, however, is the very high percentage who had earnings from non-covered sources: The Work Center and *temporary, trainee* positions organized through VRS. These earnings are not reflected in the UI earnings database. Nearly

[5] Shea (2002a) reports all findings from the consumer survey. This document, entitled *Speaking of Employment,* can be found at www.allenshea.com. Use the password **doublemint.**

[6] A pseudo-entry quarter was established for each comparison group member based on the project entry quarter for their matched project participant.

three-quarters of ISSP participants at San Mateo had such non-covered earning, whereas less than one-fifth had such earnings at Kern and within the comparison groups. For this reason, VRS was asked for supplemental earnings information. When such earnings are added-in, ISSP participants had higher total earnings per person than those in Groups B, C, and D.

Overall, total earnings for all four groups rose with the passage of time. Within Group A, covered UI earnings took the place of non-covered earnings for many individuals as time went by. This is a good result, in terms of competitive employment in integrated settings.

Comparing cash benefits in June 1999 with those received in May 2003, among SSA recipients who stayed in the project, we can say: (1) there were small reductions in number receiving SSDI and number receiving SSI; (2) SSDI outlays increased by only 8%, despite several individuals having substantial increases as higher wage periods replaced lower-wage periods, and some SSI recipients qualifying for SSDI for the first time; and (3) SSI outlays increased by 12%, but would have declined by 3% had it not been for introduction of the $3 for $4 SSI waiver on additional earned income. Nine individuals would have left the SSI cash roles, had it not been for the $3 for $4 waiver.

In our *final* report, we intend to report on changes in use of selected public mental health services. We expect the results to be similar to those reported earlier, which were based on a retrospective analysis of such data for individuals living in counties making up Groups A, B, C, and D. The earlier data pointed to substantial cost savings, especially in Day Treatment, and indicated that while the impact was greatest for those with successful DOR case closures, smaller cost-offsets existed for those with unsuccessful closures following provision of employment services. We believe that this reflects some substitution of education, training, and volunteer activities for Day Treatment. We conclude the following from our retrospective study:

- This study demonstrates the usefulness of merging vocational rehabilitation and public mental health databases to provide a more complete picture of the fiscal

implications of vocational rehabilitation and employment services for individuals with significant psychiatric disabilities.

- The existence of cost-offsets should encourage mental health administrators to allocate resources toward partnering with vocational rehabilitation programs in serving adults who want to go back to work.

- A *rebound* in use of inpatient service outlays may point to a need for longer-term employment supports, and additional research to understand this phenomenon better.

Job turnover, as measured by "job gains," "job losses," and "job continuations" from one quarter to the next point to somewhat greater stability for those in the ISSP project. A discernable reduction in job turnover seems to emerge with the passage of considerable time: about three years post entry to the project. But, differences across the groups are small, and any savings in job development and job placement expenses, attributable to the project, are probably minor. In general, there is a great deal of movement among employers, and into and out of any covered employment. Job losses as a percentage of job losses and job continuations are consistent with a turnover rate of about 133% a year. Of those with a DOR connection (all of those in Groups B, C, and D; and a majority of those in Group A), the percentage with a successful DOR case closure after receiving services to implement their Individual Plan for Employment (IPE) was considerably higher for those in Group A (57%) than those in Groups B, C, or D (37% to 43%).

Net Effects for Subgroups of Participants

In terms of demographic characteristics, our various measures of covered employment and earnings point to bigger impacts (not necessarily net): for men than women, for younger than older participants; for Whites compared with Non-Whites; and for those with at least 12 years of schooling versus those with less. Other demographic

differences (e.g., by Major Diagnosis) were minor. In terms of short-term gains (Q+1 to Q+4), SSDI beneficiaries did better than SSI Only recipients, with concurrent beneficiaries in-between. Positive differences in short-term outcomes are associated with having a connection with DOR at or about the time the person entered the ISSP project. Outcomes were better for those who entered the project in Years 2 and 3, compared with Year 1 (January 1 – June 30, 1999); and outcomes were better for those who stayed in the project, compared with those who left.

In terms of longer-term outcomes (e.g., comparing the four-quarter period Q-3 to Q0, with post-entry quarters Q9 through Q12), it would appear that, over time, the ISSP project benefited SSI-Only recipients more than Concurrent beneficiaries, with SSDI-Only beneficiaries benefited the least. We speculate that this benefit status difference may be related to (1) the introduction of SSI waivers in May 2001 and (2) particular sensitivity of SSDI Only beneficiaries to the *Earnings Cliff,* especially at VRS, where mental health and employment services (including sheltered work and temporary, trainee opportunities) are relatively rich and the cost of living quite high.

System Changes

While those involved in the project worked on some state-level systems change, most ISSP efforts focused on change at the local level, in the following areas:

1. The work of the Benefits Coordinator (BC) became much clearer with the passage of time. Rather than a lot of up-front work, allaying general fears about earnings impacting benefits, it quickly became apparent that intensive, quality benefits coordination was equally (if not more) important for those who went back to work. Compared with BCs, Service coordinators (SCs) performed a more varied set of tasks reflecting consumer interests as well as strengths and weaknesses of the larger employment service team. They, too,

became quite expert in helping individuals negotiate the complex terrain of public benefits.

2. Dealing with benefit issues (e.g., an overpayment; SSA errors or inconsistencies) is one form of on-going employment support. Being available when needed, trustworthiness, and helpfulness are important aspects of employment support, in the minds of ISSP staff.

3. VRS is physically located within a One-Stop Career Center, and OTES has staff at a nearby One-Stop. Service Coordinators at both project sites ended up doing considerable facilitation for participants (Navigator role) in using job-search and other One-Stop services. In this process, they sometimes had an opportunity to assist other professionals in learning to work more effectively with individuals with psychiatric disabilities.

4. In the opinion of ISSP staff, the absence of understanding of psychiatric disabilities sometimes leads SSA local office staff to the wrong conclusions about the behavior of recipients, resulting in some hard feelings. Some ISSP staff were surprised by the frequency of inconsistencies, confusion, and apparent misinformation evident in dealings of SSA, which is a very complex, over-taxed system. The timely inputting of wage data continued to be a problem, even for those under the waiver where timely inputting (and off-line calculations) are very important. At the same time, several SSA staff facilitated effective working relationships, and were very helpful. Having at least one designated SSA liaison for the project in each county was very helpful as well. PASS cadre helped with a handful of PASS plans. Gail Sandberg of Region IX's Center for Disability was consistently helpful in facilitating relationships and problem solving along the way.

5. Four waivers, including Independence Accounts (IA) and the $3 for $4 Additional Earned Income Disregard, came into effect in May 2001. Everyone eligible for the $3 for $4 signed up for it, although in any given month only those earning more than $85 (or, $65) took advantage of it. Relatively few individuals have used the IA, in large measure because of the press of living expenses at the individual's income level. Local public housing authorities made it difficult to modify practices in charging rent (or, limiting housing subsidies) in ways that would support other work incentives. A handful of individuals used the new SSA Expedited Reinstatement provisions, but not without serious problems in at least two instances. If not corrected, glitches are likely to give this work incentive a "bad name" within any tightly-knit disability community.

6. San Mateo County Mental Health has a representative payee system that is difficult to work with. For example, a consumer cannot speak directly to the accounting clerk, but must go through a case manager, who often knows relatively little about SSA and how the benefit system works. Mental Health workers often help individuals (sometimes in crisis) access public benefits, but rarely stress the *temporary* nature of income-replacement for those who enter and pursue recovery. At Kern County, mental health leaders have taken note, and nearly every mental health worker has been given the title *Recovery Specialist,* replacing more traditional titles like case manager. At one site, DOR and Mental Health work smoothly together; at the other site, the relationship has been more strained over the years. Despite the strains, a closer professional working relationship is evolving. This benefits project participants by at least providing consistent and reliable information.

7. Use of the 250% Working Disabled Medi-Cal Buy-In program has been helpful for 5-10 participants, but has not been without problems (e.g., drug formulary different than the one consumers and physicians had been using).

8. Activities in a variety of other areas (WIG, MIG, BPAO, Ticket, etc.) are discussed in the text.

Conclusions and Recommendations

The overarching conclusion from this study is that ***vocational rehabilitation and specialized employment services make a positive difference in employment and earnings for working-age adults with severe psychiatric disabilities.*** Whether, at the margin, the enhanced project-funded services have made a quantitative difference is less evident, and savings to the Social Security Administration in reduced outlays is also unclear. In part, this latter finding is related to introduction of the SSI waivers, which leave consumers with more income-replacement dollars than they would otherwise have, at any given level of work effort. What makes a difference for consumers is *staying engaged* in services, which in turn seems related to services being easily accessible, helpful, and trustworthy (*service providers as reliable allies).*[7]

Recommendations Regarding Federal Policy

Recommendation #1. **–** SSA beneficiaries who applied for DOR services and whose cases were closed before a vocational plan could be implemented should be studied. This group represents those individuals who initially express a desire to go to work, but who often do not stay with the process long enough to receive vocational/employment services. With either randomization (or, a matched comparison group), one should be able to see what difference

[7] Additional data, presented in Chapter VIII, indicates that project services became more attractive to SSI than to SSDI Only beneficiaries with the passage of time, with the introduction of SSI waivers in May 2001. However, project data not shown here fail to support the notion that the SSI waivers encouraged staying in the project, an intermediate outcome of interest.

benefits/service coordination services make in moving into plan and through services, on to employment.

Recommendation #2. – We recommend testing a higher Earned Income Disregard (say, $200 or $400 per month) in the SSI program, together with continued experimentation with self-reporting of wages over the telephone, paying SSI at the end of the month rather than the beginning, and establishing a "band" around actual and projected earnings (perhaps involving a moving average using several months of data), so that changes in the monthly SSI benefit amount are made less frequently than at present and there are fewer letters of explanation.

Recommendation #3. – We urge SSA to study the costs (for everyone involved) of the present SSA system, as it relates to SSI and SSDI, and to identify cost savings from significant program simplification. Suggested changes might include, (1) getting rid of the Trial Work Period and Extended Period of Eligibility, and reducing a person's SSDI benefit $1 for $2 (or, at some other rate) when earnings exceed a certain level, indexed to previous earnings; (2) substantially increasing the Earned Income Exclusion; and (3) having a single payer for health (and mental health) services, thereby de-linking income replacement from services provided through the Medicaid program.

Recommendation #4. – We urge SSA to: (1) improve written communications, by involving individuals with disabilities and advocates in the process of revising notices; (2) regularly upgrade the training of SSA staff on work incentives; (3) reward offices that enter wage information in a timely fashion; (4) improve training, in general, so that answers to questions and requests are more consistent over space and time; (5) build workload and outcome-based performance indicators that strengthen the work of SSA – alone and with others – in increasing the self-sufficiency of working-age adults receiving SSI,

SSDI, or both; and (6) fix serious glitches in the current system, through simplification or other measures.

Recommendations Regarding Designing a Project in Another State

Recommendation #5. – Consider offering SSI recipients who are earning above SGA, or who seem stuck near the point where cash benefits would end, a time-limited option (say, three years) of a $3 for $4 earned income disregard in place of the existing $1 for $2.

Recommendation #6. – Consider a "Ticket Share," in which reimbursement could be provided to (1) the state vocational rehabilitation agency for time limited vocational rehabilitation services, (2) Employment Networks for providing ongoing support (the current legislated arrangement), and (3) the individual for his/her employment accomplishments. Further, we recommend a longitudinal research and demonstration project in which a "Ticket Share" program would be piloted, and benefit amounts for those receiving benefits/service coordination services would be studied. In addition, we recommend that further research quantify the SSA administrative cost savings resulting from this service over a prolonged period of time.

Recommendations for California

Recommendation #7. – DOR should consider a discretionary grant process to encourage the establishment of benefits/service coordinators to support its vocational rehabilitation services. The grant period could be used for research purposes to study outcomes and success rates in relation to DOR's larger client population. Inherent in DOR's time-limited grants (normally three years) is the requirement that grantees have a transition plan to a permanent funding source. The grant period could then be used for DOR to advocate

ongoing funding from SSA and/or the public mental health system via Medicaid (Medi-Cal in California).

Recommendation #8. – In collaboration with stakeholders and DMH, DOR should work with the Governor and legislature to fashion a "Habilitation-type" program for those, relatively few individuals with severe psychiatric disabilities who would benefit from on-going employment support.

Recommendation #9. – It is recommended that county mental health programs replicate the research methodology that has been piloted in this ISSP grant; that is, merge DOR's outcome database with Department of Mental Health's service unit/cost database in order to track the on-going fiscal impact of providing employment supports as part of a patient's treatment plan. This visibility of cost-offsets should provide a powerful stimulus for public mental health to support as a system the employment efforts of individuals who navigate both public mental health and vocational rehabilitation.

Recommendation #10. – In difficult budgetary times, with some services mandated (e.g., hospitalization) and others (e.g., employment services) optional, we strongly recommend that mental health leaders maintain employment and employment support services, and strive to use work as a recovery tool.

Recommendation #11. – Continue through the Medicaid Infrastructure Grant, and in other ways, to make available and useful the 250% Working Disabled Medi-Cal Buy-In program. Do this through extensive outreach, information dissemination, and training not only of county Medi-Cal eligibility workers, but also of individuals with disabilities, service providers of various kinds, family members and advocates. At the same time, make improvements in selected areas, such as communication with State coordinator, billing practices, and a more flexible drug formulary.

Recommendation #12. – We see Navigators at One-Stops as important for some people who need assistance in breaking the ice and making use of One-Stop services. We would like to see more people with psychiatric disabilities get into occupational training and other intensive services. We urge DOR and SSA to push ahead with staff spending some time at One-Stops, even if only to provide outreach and training. And, we hope that some techniques common to One-Stops (e.g., absence of security barriers; celebrations of employment; greeters; running video presentations; etc.) will begin to be used by local SSA offices, to alter implicit messages embedded in some current arrangements and practices.

If Starting Over, What Would California Do Differently? Why?

If starting over, based on what project leaders have learned, they would:

1. Vary the nature and intensity of service, with greater targeting of intensive services for those going beyond verbal expressions of interest in working to actual work activity.

2. Seek SSA approval to use some grant funds to build stronger partnerships with SSA local offices and to pay for extra services associated with grant-funded project efforts.

3. Select sites based on assurances of close collaboration of the key players, particularly SSA, DOR, and Mental Health.

4. Not advertise "waivers" (at least, those that directly increase unearned income at any given level of earnings) when attracting individuals to such a project, or perhaps condition use of such waivers on having been an SSA beneficiary for

some period of time (e.g., at least a year) and having taken specific steps to obtain and keep employment.[8]

5. Promote the establishment of Independence Accounts by all project participants.

6. Convince SSA to allow rule changes (waivers) for SSDI-only beneficiaries to deal with the "cliff issue." California asked for an SSDI waiver, but it was not granted. The absence of much growth over time in earnings of SSDI Only beneficiaries suggests that the "cliff issue" continues to be a serious one.

7. Put greater emphasis on teaching and encouraging maximum self-reliance (or greater reliance on natural supports) when it comes to managing benefits. This involves wage-reporting; calculating amounts and setting dollars aside; and better management of one's financial affairs, in general.

8. Perhaps require One-Stop navigation services as part of any enhanced services package, and ask that DOR and SSA local office staff commit to spend some time at One-Stops.

[8] We now see no harm in advertising waivers, so long as their receipt is contingent on effort and accomplishment and participation in vocational rehabilitation and employment programs. See Chapter VIII.

II. Program Rationale and Logic Model

Program Rationale

In describing the original rationale for California's *Individual Self-Sufficiency Planning (ISSP) Project* (Shea & Ekstrom, 2004a, pp. 21-43), we emphasized fear of benefit loss as a barrier to employment, and the absence of long-term employment support as a problem faced by individuals with psychiatric disabilities in maintaining attachment to the work force and progressing in their careers.

Responding to these needs, the ISSP project added three Benefits Coordinators (BC) and three Service Coordinators (SC) to existing specialized employment teams at two sites in California. By design, each pair (BC and SC) worked with about 50 individuals at a time. Two agencies were selected from among 17 that responded to a Request for Proposals (RFP). Each had to be involved in the One-Stop Career Center movement. At San Mateo County's Vocational Rehabilitation Services (VRS), which annually serves some 500 individuals, two BC/SC teams were fielded. At Kern County's On-Track Employment Services (OTES), which annually serves about 100 individuals, one BC/SC team was established. These two programs – OTES and VRS – are DMH/DOR Cooperative projects, in operation since the early 1990s. Each program serves individuals with severe psychiatric disabilities. Those who enrolled in the ISSP project had to be receiving SSI, SSDI, or both. There was, however, no requirement that an ISSP participant sign up for DOR services.

In May 2001, California became one of four states authorized to test several SSI work rule changes (or, waivers), including but not limited to a $3 for $4 earned income disregard on earnings above $65 (or, $85) in the month, and Independence [Savings] Accounts.

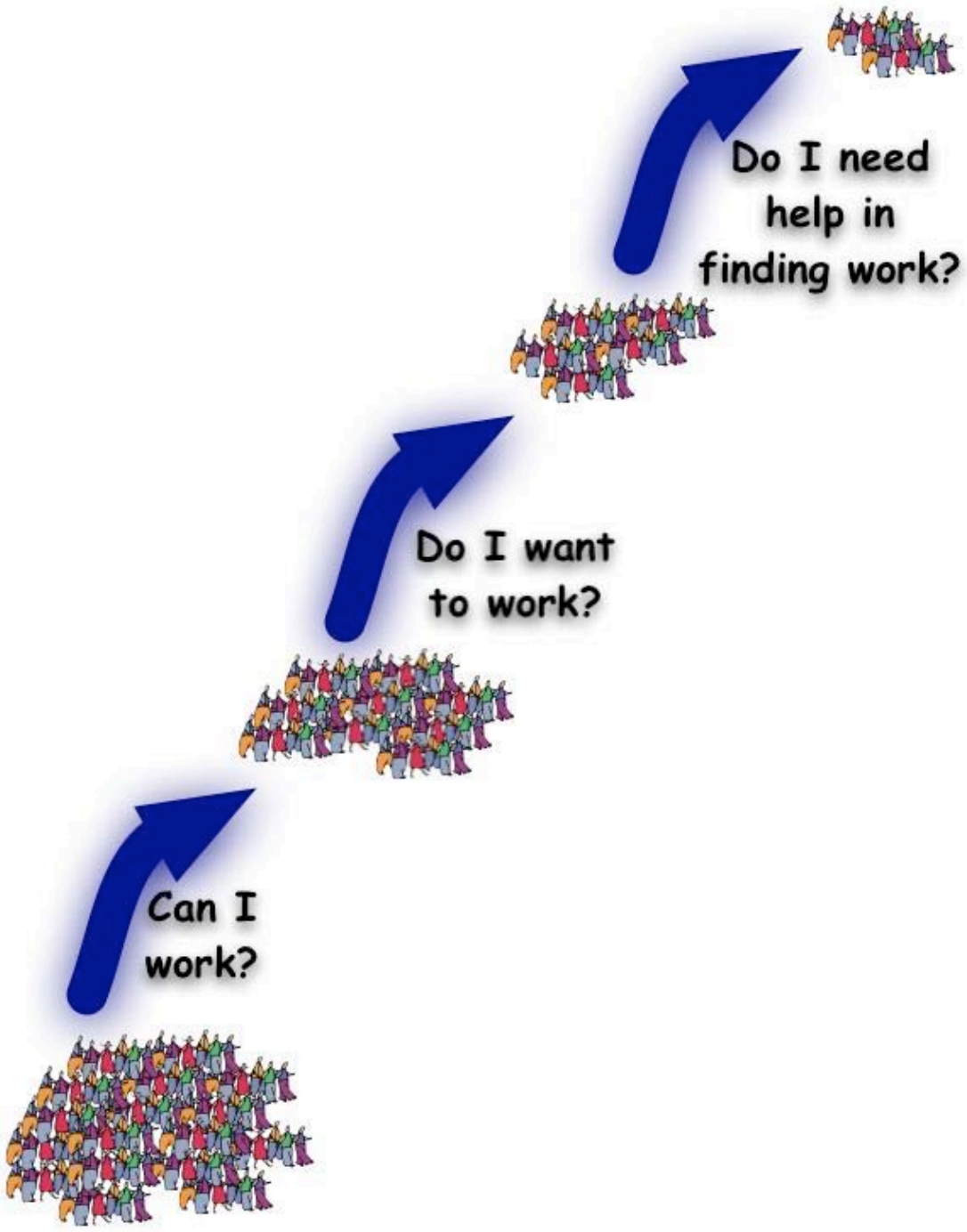
Logic Model

Many factors bear on whether a working-age adult with severe psychiatric disabilities, receiving SSA benefits, will seek and achieve a return to work. Modeling this process involves several equations, each predicting a major step in the sequence. Figure II-1, on the next page, shows how we see the process through which some individuals come to enroll and participate in specialized employment services like OTES and VRS, and by extension the ISSP project. We think there are several steps, not always linear and sequential as depicted in Figure II-1. A person must feel that he or she is *able to work.* If able to work, the next question is: Do I want to work? If that is answered in the affirmative, the question arises as to whether the person feels they can get work on their own (or, through family and friends), or needs the help of others in professional positions. If the person feels (or influential others, such as mental health workers, suggest a need for the help of others), then he/she may end up in an employment program such as OTES or VRS.

Recent studies, summarized by Stapleton and Burkhauser (2003), show that over the 1990s, the percentage of working age adults with disabilities employed declined by about 10 percentage points in relation to the employment rate of those without disabilities. In other words, the gap in employment rates, which had narrowed slightly in the 1980s, widened considerably in the 1990s. The percentage of working-age adults with disabilities who said they were able to work declined. Only within the group who said they were able to work did the employment rate rise.

This suggests to us that the *front end* of a logic model (or, conceptual framework) should be the process through which individuals with severe psychiatric disabilities, receiving SSA benefits, end up self-referring (or, being referred) to an employment program such as OTES and VRS. The next part of our logic model is from *intake* to the situation a few years hence. See Figure II-2. This is a more conventional logic model,

Figure II-1.
Process to Enrollment in Specialized Employment Services

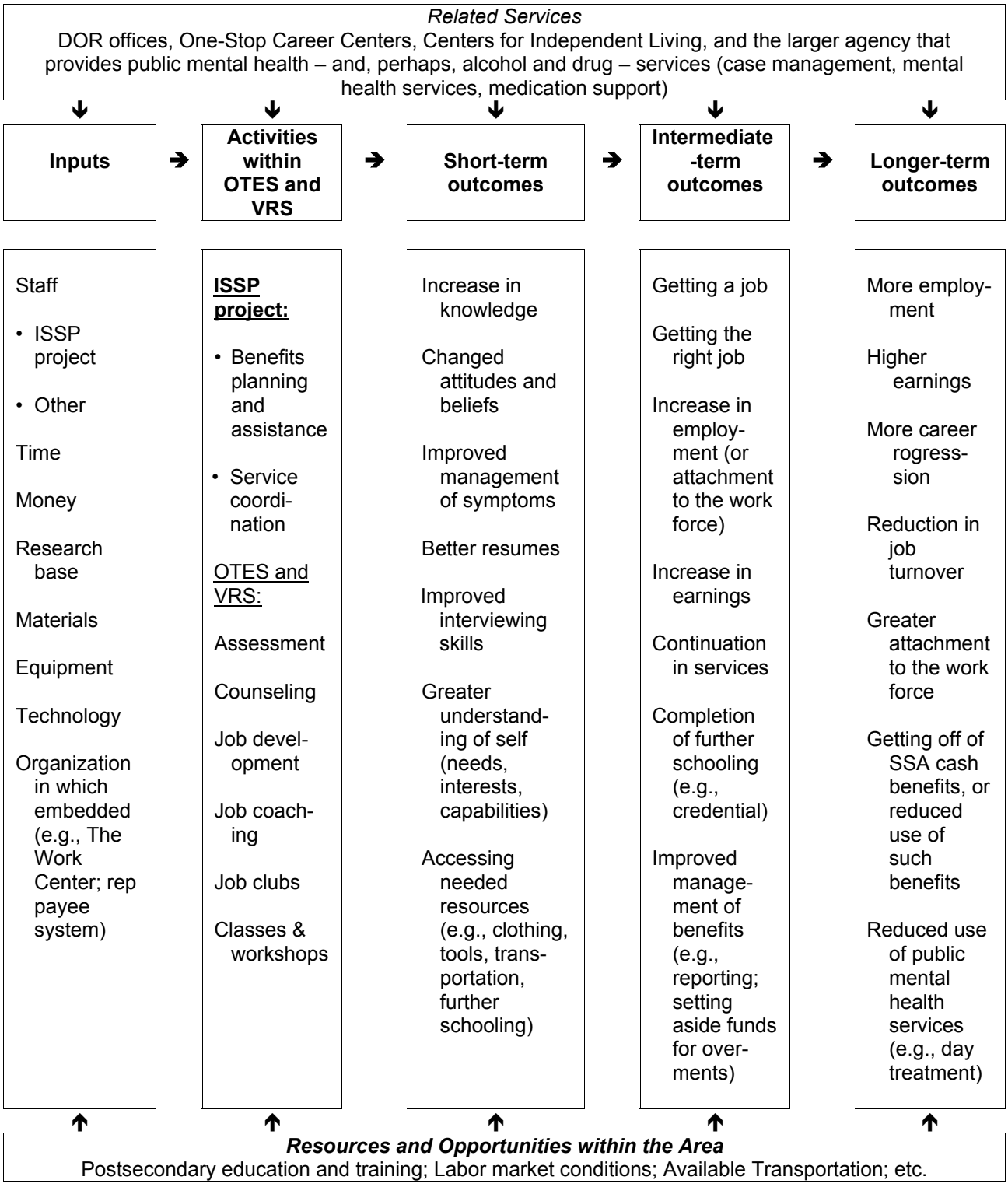


an extension of the process in Figure II-1. It is related, because after intake the person has a choice to continue to receive services or to leave, with their felt needs either met or not met.

In other words, we see a multi-equation model, with a variety of factors used to explain (or predict) short-term, intermediate-term, and longer-term dependent variables. We leave to econometricians and others (e.g., Path Analysts) the construction and testing of models that embody many factors, including services or interventions that doubtless influence various outcomes, such as SSI waivers (ideally, in our judgment, contingent on actual movement toward greater self-sufficiency).

Clearly, the ISSP project was conceived as a way to reduce certain barriers to employment (e.g., lessening fear of benefit loss), thereby increasing employment and earnings, and reducing SSA benefit payments and certain public, mental health outlays.

Figure II-2.
ISSP Project Logic Model



III. Participants and Their Experience

Mathematica Policy Research (MPR) has asked that this *Final Report* describe the nature and intensity of the interventions. The purpose in doing so, as far as MPR is concerned, is (1) to aid in the interpretation of findings, (2) to help others replicate elements of the ISSP project's success, and (3) to support budgeting.

Interventions

We have little to add to what was reported in our *Interim Report* (Shea & Ekstrom, 2004a). The major service interventions were benefits analysis, planning, and assistance, and long-term employment support through a Service Coordinator who could cut across agency and disciplinary lines, doing whatever it took to help assure success, especially in employment. See pages 25-30 of the *Interim Report* for specifics, including initial job descriptions.

Through March 2002, MPR tabulated for those who had enrolled in the ISSP project by December 2001, the amount and type of direct services received, as reflected in California SPI Quarterly Update form, sent by the two sites to Virginia Commonwealth University (VCU). That information can be found on pages 70-73 of the *Interim Report.* Finally, we would draw the reader's attention to pages 117-131 of the *Interim Report,* where we reported on changes over time in how Benefits Coordinators and Service Coordinators did their work.

In adapting (or using) the experience of the ISSP project, here are a few observations worth making:

1. Both VRS and OTES are part of local government, where salaries and benefits are probably somewhat higher than in the private sector, where several other Mental Health Cooperative programs exist, including Crossroads, a large, multi-purpose agency in and around Sacramento, which operates a Mental Health Cooperative program that we visited in Years 1, 3, and 5. One ISSP staff person said that private sector agencies might find it easier to adjust to changing conditions than his agency.

2. The six full-time project staff (three BCs and three SCs) worked, on average, about 155 hours a month, allowing for vacations, holidays, and the like.

3. About one-third of the work of SCs was "feeding the bureaucracy" rather than direct service (or, indirect service) on behalf of project participants. About a third of reporting work (or about 10-12%) was data collection for VCU and helping the California evaluation team do its work.

4. At VRS, each Benefits Coordinator provided benefits analysis, planning, and assistance for 50 participants at a time, and provided rehabilitation counseling for about half (25) of the 50. The latter assignment was recognition of the long-term counseling relationships that individuals in BC positions had with participants at VRS before the ISSP project got underway.

5. At OTES, because so few project participants had DOR connections and because OTES services were restricted under contract to those with a DOR connection, the SC, in particular, had to do considerable job development and some job coaching. Initially, this need was poorly recognized, with the initial SC wanting "counseling hours" to fulfill credential requirements. As SFY 2 went on, it became clear what was expected (and needed), and it was the third SC that had the requisite skills to make the ISSP project work well, in terms of reaching goals of maximum self-reliance.

6. At both sites, we saw increased specialization and division of labor within larger employment teams. This most clearly applied to the Benefit Coordinator's work, where nearly every employment team member often encountered requests for information and assistance around benefits. With the "standing up" of BCs with specialized knowledge and training, and with effective working relationships with local SSA office staff, members of the larger team could often refer to (or, ask questions of) the BC.

Demographic Characteristics

Some 234 individuals entered the ISSP project by June 30, 2002. Table III-1 shows some of their basis demographic characteristics. We use the June 30, 2002, cut-off date, because our employment and earnings data now go through September 2003. With time delays in submission and inputting of employment and earnings data from quarterly payroll reports, we believe that UI covered earnings data are more fully reported for the quarter that ended June 30, 2003. This gives us at least one year of employment and earnings data, subsequent to project enrollment (or, pseudo-enrollment), for each person who entered the ISSP project.

In Table III-1, we divide participants into those who entered the project in the first State Fiscal Year (July 1, 1998 and June 30, 1999; actual enrollment January through June), versus those who entered subsequently (July 1, 1999 – June 30, 2002). In other words, we compare SFY 1 entrants to the project with SFY 2, 3 & 4, combined. We do this for reasons outlined in Chapter IV, Evaluation Design.

As one can see in Table III-1, compared with SFY 1 entrants, those who entered in the following three years were somewhat more likely to be (1) younger, (2) female, (3) less well educated, and (4) of Hispanic or African-American descent.

Table III-1. Selected characteristics of ISSP participants, first year entrants versus subsequent year entrants, expressed in percentage terms

Characteristic	SFY 1	SFY2,3&4
Number of observations (N)	120	114
Age group, as of 1/1/99:		
29 or under	16%	21%
30-39	20	38
40-49	36	25
50 or older	18	17
Total	100%	100%
Gender:		
Male	57%	47%
Female	43	53
Total	100%	100%
Educational Attainment:		
0-8 years	4%	5%
9-11 years	9	15
12	42	35
13-15	33	33
16 or more	11	11
Total	100%	100%
Race/ethnicity:		
White, non-Hispanic	73%	72%
Hispanic	12	15
Black or African-American	8	9
Other	7	4
Total	100%	100%

Other Characteristics

As indicated in Table III-2, everyone in the project had a psychiatric condition as their Major Disability. In comparison with SFY 1 entrants, those who entered the project in subsequent years were (1) more likely to have mood disorders (e.g., Major Depression or Bipolar Disorder) and (2) less likely to be receiving SSDI Only. As we point out in Chapter VIII, there was a definite upward trend over time in the percentage of new entrants to the project who were receiving SSI, either alone or in combination with SSDI. We believe that this reflects, initially the *hope* of many project participants for

waivers that would improve economic status, and later the fact that SSI waivers (but not SSDI waivers) came into effect near the end of SFY 3 (May 2001).

Table III-2. Major Disability and SSA Benefit Status of ISSP participants, first year entrants versus subsequent year entrants, expressed in percentage terms

Characteristic	SFY 1	SFY2,3&4
Number of observations (N)	120	114
Major Disability:		
Psychosis	43%	35%
Mood disorders	53	58
Other psychiatric	3	7
Total	100%	100%
SSA Benefit Status:		
SSI Only	38%	42%
SSDI Only	35	27
Both	27	31
Total	100%	100%

Referral and Enrollment

California's SPI project got off to a quick start, enrolling its first participant in January 1999, approximately three months after the project formally began. The project assumed that a two-person team of a Benefits Coordinator and a Service Coordinator would serve approximately 50 individuals at a time. With three such teams, one at Kern County and two at San Mateo, there was a push to have 150 individuals enrolled by the end of the first federal fiscal year, September 30, 1999. Essentially, this goal was met, although it was a struggle to enroll 50 at Kern, where the Mental Health Cooperative project is both small (typically 50-100 individuals served at a time), and had had few referrals from DOR counselors a few short months prior to the project beginning, because an Order of Selection procedure (that limited the number of vocational plans a DOR counselor could write) was in place. Further, Mental Health Treatment teams were encouraging only a few mental health clients to consider employment services.

The flow of new clients to On Track/ISSP came mainly from referrals from Mental Health, with interested individuals signing up after a weekly World of Work orientation. Everybody coming through On Track/ISSP was encouraged to enroll in the ISSP project if the services appeared relevant to the individual's needs and interests. This changed somewhat with the passage of time. With the passage of time, it became evident that (1) explaining how work influences benefits (to encourage participation in work activities) and (2) assisting individuals to manage their benefits and financial affairs after going to work were very different tasks. When a person thought about work, but didn't move forward toward greater self-sufficiency after a reasonable amount of time, staff began to discuss this with participants and sometimes to suggest that the person "become inactive" for awhile until he/she really wanted to try to work.

The enrollment pattern at VRS in San Mateo County was somewhat different. Prior to the ISSP project, San Mateo had (and continues to have) two consumer Benefit Technicians, working part-time in temporary, trainee positions. Their job is to help individuals understand benefits, and the impact work and earnings will have on such benefits. The ISSP project added two BC/SC teams to serve 100 project participants. Because VRS serves about 500 individuals in a given year (about half with psychiatric disabilities), it was easier for them to get to full capacity, and they did so quickly. San Mateo County has a comprehensive Mental Health services system, with many components and above-average public resources. San Mateo also has a large sheltered workshop (The Work Center) and has maintained for some period of time a number of public sector jobs (temporary, trainee positions). Moreover, DOR counselors work more smoothly with VRS staff than their counterparts in Bakersfield do with On Track/ISSP staff. With a larger population to draw from, VRS quickly "ramped up" to full capacity operation of the project. From that point forward, disenrollment rates were noticeably lower at San Mateo than at Kern.

Context

As we outlined in our *Interim Report* (Shea & Ekstrom, 2004a, p. 2), at any point in time, 25 to 30 counties in California have Mental Health Cooperative projects, involving the Departments of Mental Health (DMH) and Rehabilitation (DOR). Of California's 58 counties, those with Mental Health Cooperative programs account for roughly 80% of California's population. Each year, about 10,000 individuals with severe psychiatric disabilities participate in these cooperative services. These 10,000 individuals represent fewer than 5% of adult public Mental Health clients in the State. Clearly, these 10,000 differ, if only because they have applied for (and received) vocational rehabilitation and employment services through the cooperative efforts of two public agencies. Each site, in other words, operates a DMH/DOR Cooperative project. Others with severe psychiatric disabilities, receiving SSA benefits, enter into the DOR database through "other projects" or, much more frequently, because they are served by DOR Generalist Counselors.

Services

The ISSP project was designed to *enhance* the preexisting employment services offered by Vocational Rehabilitation Services (VRS) at San Mateo County – the county just South of San Francisco County, and just North of Santa Clara County (San Jose and environs) – and On-Track Employment Services (OTES) at Kern County, near the Southern end of the Central Valley, two hours or so from Los Angeles. Those agencies provide an array of services, including eligibility determination, assessment, and development of an Individual Plan for Employment (IPE). Cooperative program staff then work with DOR counselors in such areas as career guidance (e.g., assessing interests, abilities), vocational counseling, employment preparation, job development and placement, supported education (in some instances), and job coaching (when needed and wanted).

We would remind the reader of certain programmatic characteristics that we reported in our *Interim Report* (p. 60):

> *Active with DOR [at project enrollment]:* About 33%, Kern County; about 65%, San Mateo
>
> *Supported housing (Section 8, Shelter Plus, transitional housing, etc.*): About 20%, Kern County; about 65%, San Mateo

In terms of the current pattern, we have only anecdotal information, which suggests that somewhat more Kern County participants have signed up for DOR services, and the housing situation is largely unchanged. We also remind the reader that VRS has a large sheltered workshop (The Work Center), and abundant *temporary trainee* positions with earnings not reported in the State's UI system.

Continuing with (or Leaving) the Project

Before the project began, there was uncertainty as to how many individuals with severe psychiatric disabilities, receiving Social Security benefits, would ultimately be served in the project. One early estimate was 500, based on some numerical *flow* out of the project for a wide variety of reasons. It was understood that as individuals left the project, they would be replaced, so that at any point in time about 150 individuals would be served.

With the passage of time, and quite early on, it became clear that the 500 estimate needed revision, and a new target was set of at least 250 individuals being served at some time by the project over the 5-year period. Here are the percentages of entrants, by State Fiscal Year who were still enrolled in the project at the end of March 2003:

SFY1	48%
SFY2	50%

SFY3 ..... 58%
SFY4 ..... 60%

Of the 220 individuals who participated in the ISSP project by December 31, 2001, 76 (or 35%) had left the project by that time. By June 2003, nearly half (108/220, or 49%) had left the project. Of those who left by the end of 2001, the average number of months they spent in the project was 13.9 (median: 12.5). This means that leavers typically received considerable services from the project. Some leavers got what they needed, and moved on with their lives. But, as a group, *leavers* did not do as well as *stayers.*

IV. Evaluation Design

Comparison Groups, in the *Interim Report*

In our *Interim Report,* we described the following comparison groups, and how they were chosen.

- Group B was composed of a matched sample of active DOR clients living in Sacramento or Fresno County. Sacramento was picked as the chief comparison county for San Mateo, because of the comparable size of their Mental Health Cooperative program, and a similar unemployment rate. Fresno, like Kern County, is in California's Central Valley. The cooperative program in Fresno was roughly the same size as Kern's, and the unemployment rate was both high (typically double-digit) and showed considerable seasonality, as has been the experience of Kern County. Agriculture is an important part of the economic base in both counties.[9]

- Group C was a matched sample of active DOR clients living in all other counties with Mental Health Cooperative programs;[10] and

[9] It was necessary to draw additional Group B sample members from selected other counties: Tulare and Stanislaus, with Fresno; and San Diego with Sacramento. All told, about two-thirds of Group B members were from Fresno and Sacramento counties.

[10] Counties in Group C are Alameda, Contra Costa, El Dorado, Humboldt, Los Angeles, Mendocino, Napa, Placer, Riverside, Santa Barbara, San Bernardino, Santa Clara, Santa Cruz, San Francisco, Shasta, San Joaquin, Solano, Sonoma, and Ventura.

- Group D was a matched sample of active DOR clients living in selected other counties without Mental Health Cooperative programs.[11] There, necessarily, vocational rehabilitation and employment services are orchestrated by *DOR Generalist Counselors* with no formal collaborative agreements with county mental health departments.

Comparison groups represent the *counterfactual* of what likely would have happened to project participants had they not participated in the ISSP project. Group B was designated the principal comparison group based on expected similarity in employment services received (Mental Health Cooperative programs) and local labor market conditions (relatively low unemployment rates in San Mateo and Sacramento counties; relatively high unemployment rates with considerable seasonality within Kern and Fresno counties). It turned out that about half of those in Group B were served by DOR Generalist Counselors. This is one reason we have shifted away from geography toward program or service arrangement, in reconstructing our comparison groups for this final report.

Method for Selecting Individuals for Comparison Group

Matched Individuals

The ISSP project was designed to serve individuals with *severe psychiatric disabilities,* receiving SSI, SSDI, or both. In choosing representative samples of individuals within the DOR database (Groups B, C, & D), we limited our attention to those with a *severe psychiatric disability,* operationally defined to mean that the person had a Major Diagnosis or First Secondary Diagnosis labeled as follows:

[11] Group D are counties without cooperative programs, but with at least one metropolitan area with 25,000 or more population. This includes Butte, Merced, Monterey, Orange, San Luis Obispo, Sutter and Yolo counties.

- Psychosis
- Mood Disorder
- Other Psychiatric (i.e., Organic Syndrome, Sleep Disorders, Neuroses, Adjustment Disorders, Personality Disorders, Other MH Disorders, Alcoholism-Sole, Drug Addiction-Sole, Drug/Alcohol-Combined; and Polysubstance Abuse).

Each comparison group member was drawn from the DOR client database – using systematic sampling with a random start – within sampling strata defined by Major Diagnosis and SSA Benefit Status. Each comparison group member's primary disability (or, first secondary) had to be psychiatric in nature. Each had to be receiving SSI, SSDI, or both. See Table IV-1.

Table IV-1. Sampling Strata Used in Picking Samples for Inclusion in Comparison Groups B, C, and D

	Major Diagnosis			
SSA Benefit Status	**Psychosis**	**Mood Disorders**	**Other Psychiatric**	**Other Non-Psychiatric***
SSI Only				
SSDI Only				
SSI & SSDI				

* Other Non-Psychiatric is listed because a person could be in our universe of interest if they had a *severe psychiatric disability* as First Secondary, but not Major.

Bias Associated with Dropping Some DOR Status Codes

In State Fiscal Year 1998-99, any person (with a few exceptions) receiving some DOR services during that year, whether the case was opened or closed in that year, was eligible to be selected into a comparison group, based on county of residence. Our reasoning was that many of those entering the ISSP project were employed,

and had been receiving DOR services off and on over a period of years. Starting with the following fiscal year (July 1, 1999 – June 30, 2000), each person selected into a comparison group had to have a DOR *case opening* (Status 2) at sometime during the year. It was felt that this proviso would yield a better match, because individuals entering the project after June 30, 1999, often were new to services.

In every year, we excluded those whose current (or, most recent) DOR status was 6, 8, or 30. Status 6 is trial work experiences for determining eligibility. Status 8 is closed after application submitted before eligibility has been determined, or being found ineligible. And, Status 30 is closed without services to implement an IPE.

As we pointed out in the *Preface* to our *Interim Report,* we came to feel that this decision to exclude three service codes biased our "net impact" results in the direction of finding little or no effect of project-funded services. In part, this is because the ISSP project seems to have retained a higher proportion of service entrants in services than is typical of DOR clients, in general, and this difference may have been erased by failure to include those with current (or most recent) DOR statuses 6, 8, and 30.

Bias Associated with Hand Selection in SFY 1

Recall that we used SSA Benefit Status (SSI Only, SSDI Only, or both) as a proxy for work history, generally considered a more basic matching variable. In SFY 1, with relatively large numbers to draw from, we picked about two *potential* comparison group members in B, C, and D, respectively, and then de-selected about half based on whether the UI slip showed any covered UI earnings, had a string of zeros, meaning the person had earnings not covered by the State UI system, or said essentially "no record of any earnings." In subsequent SFYs, we decided not to de-select any person chosen at random based on examination of their UI covered earnings slip.

Table IV-2, below, provides some comparative information on covered UI employment and earnings for the two sets of comparison group members, SFY 1

Table IV-2. Covered UI employment and earnings: all comparison groups, SFY1 versus SFY2&3

Quarter	SFY1	SFY2,3&4	Ratio SFY2,3&4/ SFY1
	Percent with some earnings		
Number of observations (N)	479	524	--
Q-3	26.1%	22.1%	.85
Q-2	30.5	20.7	.68
Q-1	31.3	19.8	.63
Q0	33.4	20.8	.62
Q1	34.2	23.7	.69
Q2	31.6	25.0	.79
Q3	30.3	27.7	.91
Q4	32.8	28.6	.87
	Earning per person with some earnings		
Number of observations (N)	(a)	(a)	--
Q-3	$1,442	$2,542	1.76
Q-2	1,404	2,272	1.62
Q-1	1,361	1,750	1.29
Q0	1,451	1,724	1.19
Q1	1,759	1,720	.98
Q2	2,239	1,608	.72
Q3	1,973	1,765	.89
Q4	2,054	2,135	1.04
	Earning per person (total *N)*		
Number of observations (N)	479	524	--
Q-3	$376	$561	1.49
Q-2	428	471	1.10
Q-1	426	347	.81
Q0	485	359	.74
Q1	602	407	.68
Q2	707	402	.57
Q3	598	488	.82
Q4	673	611	.91

(a) Variable number, reflecting the percentages immediately above.

versus SFY 2, 3 & 4. (These are current dollars, and to put the numbers in *real* terms, one would have to inflate the SFY 1 earnings or deflate the SFY 2, 3 & 4 earnings.)

Hand-selection clearly resulted in a higher proportion of comparison group members in SFY 1 having some covered UI earnings. The reason was that a high proportion of SFY 1 project participants had covered UI earnings. On the other hand, especially in the quarters leading up to Q0 (pseudo-entry quarter), those with some earnings in the SFY 2, 3 & 4 group had higher average earnings. In terms of earnings per person (total *N* as the base), these two differences largely offset each other. It is worth noting that average quarterly earnings for the SFY 1 group went from $485 in the pseudo-entry quarter (Q0) to $673 a year later (Q4). This is a gain of $188 (or, 39%). By comparison, average quarterly earnings for the SFY 2, 3 & 4 comparison group went from $359 in Q0 to $611 in Q4, a gain of $252 (or, 70%).

An Atypical Feature of VRS Services

When we began to examine EDD covered UI earnings slips, it quickly became apparent that many individuals – especially in San Mateo County – have been employed (typically by County of San Mateo), but have no recorded earnings from that employer. We quickly discovered that the reason was payment of State Disability Insurance (SDI) premiums to EDD, but no coverage for unemployment insurance purposes. This practice stems from rules related to sheltered employment at The Work Center, operated by VRS, and by extension the development over the years of a large number of *temporary, trainee* positions outside The Work Center, managed by VRS.

As we pointed out in our *Interim Report*, some of those entering the ISSP project at VRS (San Mateo County) in the first federal fiscal year (FFY), October 1, 1998 – September 30, 1999, had considerable VRS earnings at The Work Center and/or in

temporary, trainee position. Those earnings grew over the following six quarters from Intake Quarter (Q0), then declined considerably. The number of ISSP participants at VRS with non-covered earnings from The Work Center and/or temporary, trainee positions peaked at 47 at Intake Quarter, and then declined over time to 19 in Q+11. Average earnings through VRS, for those with some VRS earnings, rose over time from $748 per quarter (Q-4 & Q-1) to $1,337 (Q+10 & Q+11).

Matched Sites (Group B)

The evaluators examined a list of Mental Health Cooperative projects, with information on total budget, and levels of activity (e.g., number of *plans* written; number of *26s* set as a goal). Involvement in One-Stop Career Centers, local unemployment rates, and sizes of local labor markets were noted as well. Fresno and Sacramento counties were selected.

Fresno. Nearly all Central Valley communities have persistently high unemployment rates, often in double-digits when the overall California rate was 4 to 6%. Fresno County had a cooperative program of approximately the same size as Kern, and although Fresno has a larger population, other similarities (e.g., agricultural base) led to the choice of Fresno.

Sacramento. Sacramento was selected as the county closest in characteristics to San Mateo, as they are both metropolitan areas in Northern California. Both have very diverse, urban economies, with a wide array of industries represented. In 1999, the unemployment rate was about 2% in San Mateo County and 4% in Sacramento. Based on the above factors, as well as cooperative program size, involvement in One-Stops, Sacramento County was selected as the match.

We thought that a majority of comparison group members in Group B would have received services through Mental Health Cooperative programs, but that was not the case. Generalist DOR Counselors served over half. So, while the larger economic environment (labor market, etc.) may be similar, the array of services (except for the enhancement offered by a BC and SC) were otherwise similar only for some.

Comparison Groups, in This Report

It turned out that DOR Generalist Counselors, rather than Mental Health Cooperative programs served sizable percentages of individuals in Groups B and C. This has complicated the analysis, and we have decided in this report to focus less on geography and more on service differences. Hence, we now look at (1) all those in Groups B, C, and D; (2) those in Groups B, C, and D who received Mental Health Cooperative Program Services; and (3) those in Groups B, C, and D who received services through Generalist Counselors. The numbers in (2) and (3) do not add to (1), because some, relatively small number of comparison group members received services through other special projects.

Mental Health Cooperative programs across the State are quite similar, in terms of the characteristics of those they serve and, broadly, in services provided. DOR vocational rehabilitation counselors are always involved with eligibility determination, assessment, and development of an Individual Plan for Employment (IPE). Cooperative program staff work with DOR counselors in such areas as career guidance (e.g., assessing interests, abilities), vocational counseling, employment preparation, job development and placement, supported education (in some instances), and job coaching (when needed and wanted).

With no cooperative program staff involved, the DOR Generalist Counselor does not have access to cooperative program resources, and may not have the kind of specialized expertise to respond most appropriately to the needs of the individual with

psychiatric disabilities. The DOR Generalist Counselor can, of course, facilitate use of a variety of generic resources (e.g., One-Stops; Adult Schools; Regional Occupational Programs, community colleges), and can buy other, more specialized services to implement a person's IPE, if available (e.g., job development and placement).

Expected Differences in *Net Effects*

We have anticipated fairly small difference in valued outcomes across our comparison groups for two reasons. First, *all* individuals in both treatment and comparison groups have evidenced at least a general interest in work. If one were to select as a comparison group individuals in the general California population with severe psychiatric disabilities and receiving SSA benefits, the differences between project participants, on the one hand, and the much broader group of all SSA benefit recipients, on the other, would very likely be quite substantial, even if we could select comparison group members with comparable work histories. Only about 5% of SSI recipients in California work over any short time frame, and relatively few SSDI beneficiaries are trying to work at any point in time. Second, we are looking at the *value added* by rather modest additional services augmenting a well-developed set of preexisting services and supports. But, as pointed out earlier, when a participant has no DOR connection, ISSP services have been less an *enhancement* in employment services, and more of a *replacement* for Mental Health Cooperative program services, because of funding rules and audit concerns, especially in Kern County.

Data Used in the Evaluation

In this *Final Report,* we make use of quantitative data from the following sources:

1. EDD covered UI quarterly earnings.

2. DOR client characteristics. – For everyone with a DOR connection (all of Groups B, C, and D; most of those in Group A), this source yields comparable demographic information, including one outcome measure of interest, DOR case closure status, which we reported on in the *Interim Report.*

3. SSA data. – We report, again, on changes in benefits, using some SSA data provided through the Center for Disability for Region IX of the Social Security Administration, but must leave more extensive use of SSA data to VCU and Mathematica Policy Research.

4. DMH service use data. – We make some use of data on selected Medi-Cal funded mental health services, provided by DMH.

5. We use some very recent mail/telephone survey data from respondents from the universe of all ISSP participants, current and past, and *stories* from 19 interviews, out of approximately 27 that we conducted in August 2004. (See Shea & Ekstrom, 2004b.)

Analysis Methods

Variables: How Measured

We use a number of continuous criterion variables, such as quarterly earnings, expressed to the nearest dollar. The base is either (1) all participants who entered to project over the time frame given earlier (whether still in the project or not) or (2) those with some covered UI earnings. We also use dichotomous variables as well: for example, whether a person had some earnings in a particular calendar quarter or longer time period (1=Yes, 0 otherwise).

Analyses

In looking at *net outcomes* (or impact), we generally examine *differences in differences,* as suggested by the national evaluators at Mathematica Policy Research. That is, when examining changes over time, we compare time series for those receiving the enhanced services (project participants) with time series for those in comparison groups. One aspect of this analysis involves the added impact, if any, of signing up for the SSI waivers, which began to take effect in May 2001.

V. Overall Net Effects

We turn now to the question of whether (or, to what extent) project-funded services of benefits/service coordination seem to have (1) contributed to employment and earnings; (2) altered SSA benefit payments (in total); and (3) reduced use of certain publicly-funded mental health services. We try to answer as many of the questions posed by MPR as possible.

Overview of the Design

Wanting each state to follow a common format, MPR asked a set of *overview of design* questions. The questions and answers can be found on an *Insert*.

Summary of Estimates

As with the *Overview of the Design,* Summary of Estimates can be found on the *Insert.*

All comparison group members

Table V-1 shows the basic pattern of (1) employment (i.e., meaning some covered UI earnings in any quarter) and (2) mean covered UI earnings (total N as the base) for those who entered the project in SFY 1, SFY 2 & 3, and across the three state fiscal years (SFY 1, 2 & 3). It is quite clear that project participants who enrolled during SFY 1 did not do as well as comparison group members, whereas those who enrolled in SFY 2 or 3 did much better than comparison group members.

Table V-1. Covered employment and mean covered UI earnings, SFY 1, 2 & 3

	Mean Value				Sample Size	
	Treat Group	Comp Group	Treat minus Comp Difference	Statistical Signifi-cance	Treat Group	Comp Group
Entrants, SFY 1						
One Year Post-Intake						
Employment (% $ in Q4)	35.0%	32.8%	2.2%	ns	120	479
Earnings/whole sample ($)	$552/qtr	$673/qtr	-$121/qtr	ns	120	479
SSI eligibility (%)	65.0%	64.3%	0.7%	ns	120	479
SSDI eligibility (%)	61.7%	67.0%	-5.3%	ns	120	479
18 Months Post-Intake						
Employment (% $ in Q6)	30.8%	36.5%	-5.7%	ns	120	479
Earnings/whole sample ($)	$509/qut	$850/qtr	-$341/qtr	**	120	479
Two Years Post-Intake						
Employment (% $ in Q8)	32.5%	36.7%	-4.2%	ns	120	479
Earnings/whole sample ($)	$533/qtr	$930/qtr	-$397/qtr	**	120	479
Entrants, SFY 2 & 3						
One Year Post-Intake						
Employment (% $ in Q4)	34.1%	28.9%	5.2%	ns	88	388
Earnings/whole sample ($)	$895/qtr	$634/qtr	$261/qtr	ns	88	388
SSI eligibility (%)	68.5%	65.8%	2.7%	ns	88	388
SSDI eligibility (%)	61.8%	57.4%	4.4%	ns	88	388
18 Months Post-Intake						
Employment (% $ in Q6)	29.5%	26.3%	3.2%	ns	88	388
Earnings/whole sample ($)	$792/qut	$585/qtr	$207/qtr	ns	88	388
Two Years Post-Intake						
Employment (% $ in Q8)	31.8%	22.6%	9.2%	ns	88	388
Earnings/whole sample ($)	$1046/qtr	$582/qtr	$464/qtr	*	88	388
Entrants, SFY 1, 2 & 3 (total, all three years)						
One Year Post-Intake						
Employment (% $ in Q4)	34.6%	31.1%	3.5%	ns	209	859
Earnings/whole sample ($)	$697/qtr	$656/qtr	$41/qtr	ns	209	859
SSI eligibility (%)	66.5%	65.0%	1.5%	ns	209	859
SSDI eligibility (%)	61.7%	62.7%	-1.0%	ns	209	859
18 Months Post-Intake						
Employment (% $ in Q6)	30.3%	32.0%	-1.7%	ns	209	859
Earnings/whole sample ($)	$629/qut	$733/qtr	-$104/qtr	ns	209	859
Two Years Post-Intake						
Employment (% $ in Q8)	32.2%	30.5%	1.7%	ns	209	859
Earnings/whole sample ($)	$750/qtr	$776/qtr	-$26/qtr	ns	209	859

NOTE: SSA Benefit Status only recorded at intake (or pseudo-intake).
ns = Not statistically significant at .10 or below (χ^2 for categorical variables; two-tailed *t*-test for continuous variables) * = Statistically significant at .10 level; ** = at .05 level; *** = at .01 level.

In presenting these estimates, we wish to note several things:

1. We have no good measure of percentage of time employed.

2. Our earnings are partial, because they exclude considerable earnings, especially for those from San Mateo County in the treatment group, many of whom have earnings from The Work Center and/or in a number of *temporary, trainee* positions organized through VRS.

3. We have SSA Benefit Status (SSI, SSDI, or both) only at the time of enrolling in the project (or, when selected from the DOR case files for inclusion in our comparison group).

4. We have no additional SSA benefit data to report. In our *Interim Report* (Shea & Ekstrom, 2004a, pp. 84 to 89) we noted changes between June 1999 and May 2003, for 148 current project participants at that time. Among the 133 who received some SSA benefits in June 1999, we reported the following:

    - There was a small net reduction (-1% SSDI and –3% SSI) in the number of project participants receiving these SSA benefits.

    - Both SSDI and SSI dollar amounts, in total, rose, but by somewhat less than cost-of-living adjustments.

    - Four individuals left the SSDI roles, while eleven had increases in SSDI of 20% or more, with six of the eleven seeing changes of 52% to 85%, nearly all due to quarters of higher earnings replacing quarters of lower earnings.

    - Had the $1 for $2 rule (on earnings above $65 or $85 in the month) still been in effect, SSI outlays for the 133 participants would have declined by an estimated 3%, rather than have risen by 12%, other things (e.g., work, earnings) the same.

- Estimated earnings for SSI recipients with *imputed earnings* rose from $17,683.36 in June 1999 to $31,620.42 in May 2003.[12]

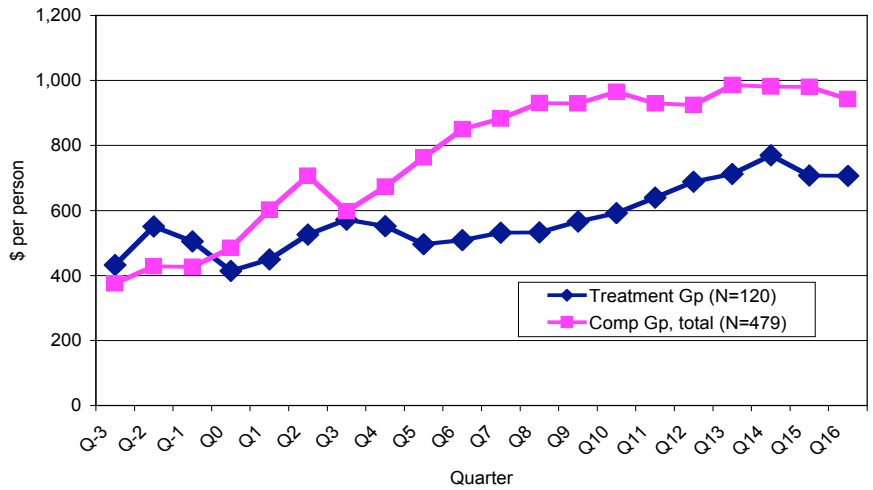
- While ten individuals who received SSI benefits in June 1999 received no such cash benefit in May 2003 (some because of SSDI increases), an additional nine individuals had estimated earnings in that month which would have ended their SSI cash benefit had the old $1 for $2 rule applied.

- SSI outlays would have been about $5,000 lower, in total, in May 2003 than they actually were, had the $3 for $4 waiver not been in effect.

By State Fiscal Year (SFY)

As indicated in Chart V-1, those who entered the ISSP project in SFY1 had roughly comparable covered UI earnings per person (total *N)* over the three quarters prior to project entry, with

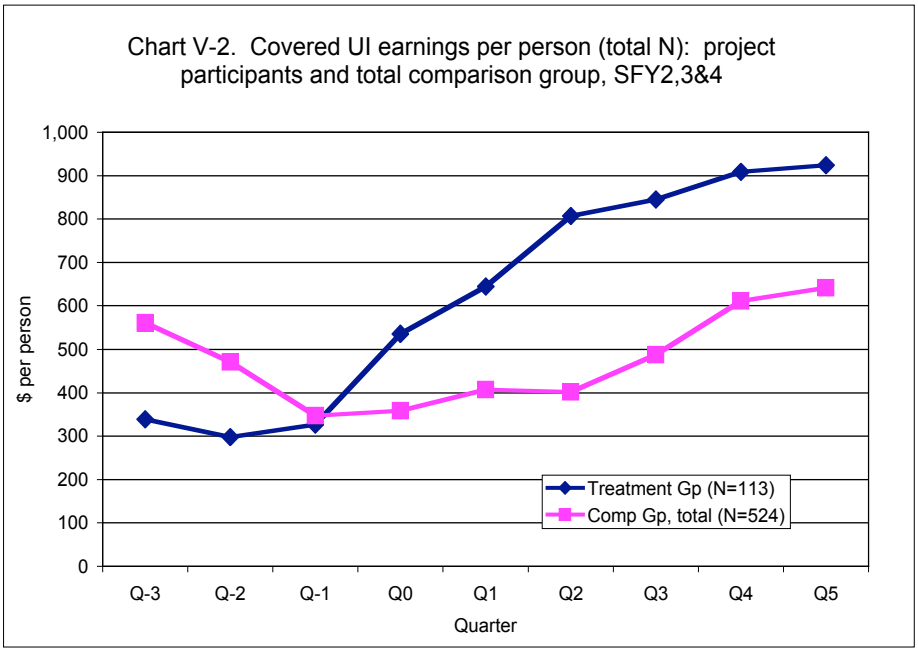
Chart V-1. Covered UI earnings per person (total N): project participants and total comparison group, SFY1



[12] Gail Sandberg very kindly provided the SSA data used here. She was not asked to provide earnings data, nor tags for work incentives. Thus, we have no way to estimate earnings for those receiving SSDI only. As for SSI Only and Concurrent (SSI/SSDI) beneficiaries, some received an SSI benefit in excess of $757; considerably more received exactly $757. The earnings of both these groups were assumed to be zero. Some may have earned up to $65 (or, $85) for the month. Some number of concurrent beneficiaries had SSDI and SSI amounting to $777. We assumed they also had zero earnings in May 2003.

earnings per person nearly doubling three and one-half years later, but earnings growth for our comparison group, in total, was considerably greater.

Chart V-2 shows treatment and comparison groups for SFY 2, 3 & 4. Here one sees a very different picture than in Chart V-1. Average covered UI earnings grew from just over $300 per person per quarter in Q-1 to over $900 in Q5, a year and one quarter later.



Several factors, alone or in combination, may explain the differences by year entered the project:

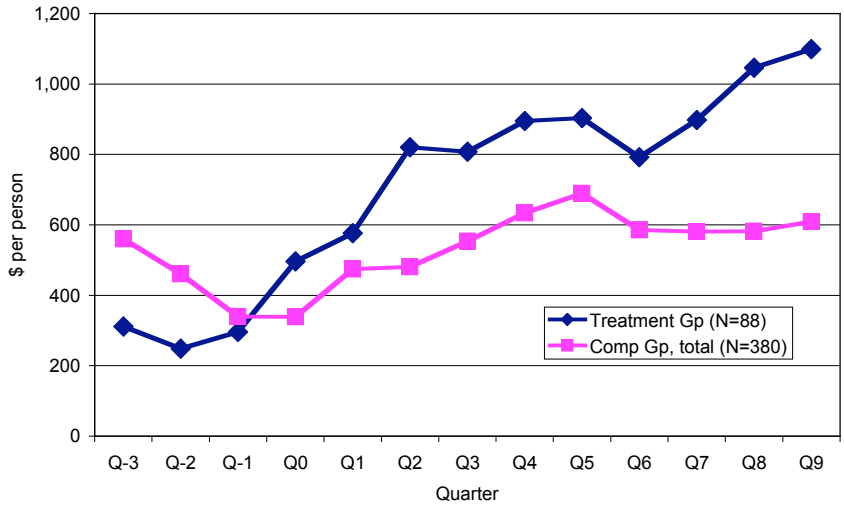
1. *Referrals in SFY 1.* – In the first half-year of the project, especially at the San Mateo site, the word went out to counselors within VRS to refer individuals "who needed more support than they were getting." Once both sites hit their targeted full capacity level of operation, waiting lists were established, and individuals entered the project in SFY 2, 3, and 4 as replacements for those who had left. The evaluators have been told that it was "first come, first served" from the waiting list.

2. *Getting up to speed.* – It is not uncommon for multi-year projects to have more success with subsequent cohorts than the first. One reason is the time it takes to fill positions, get training, and develop effective approaches. While individuals started enrolling in the project in January 1999, orientation and training (e.g., in benefits counseling) didn't get going until Spring. Moreover, reflecting a heavy emphasis on freedom, choice, and recovery, the idea of helping people become more self-sufficient economically was only one of several goals. Indeed, focus groups among participants suggested considerable interest in personal development, not always (or exclusively) for vocational purposes. Participants expressed an interest in classes on self-esteem, exercise, and weight control, among other things. And, ISSP staff responded to these felt needs.

3. *With time, a change in programmatic emphasis.* – As time went by, according to recollections of the ISSP team at VRS, there was a change in emphasis, with a clearer focus on the policy issues confronting the Social Security Administration. This is illustrated by Sally's story on page 114 of our *Interim Report.* Sally decided to turn down a full-time job offer of $36,000 per year with benefits. After talking with ISSP staff, Sally decided to leave the project to make room for someone more determined to be self-sufficient. At the Kern County site, it became apparent that much benefits counseling and assistance was needed *after* the person returned to work. There a new Service Coordinator with a background in job development took the place of one more interested in counseling. All comparison group members were drawn from DOR databases. Yet, approximately 30% of participants did not have a current DOR connection when they entered the project. The percentage was higher at Kern County, where those without a DOR connection tended to receive *replacement* services from ISSP staff rather than *enhanced, additional* services, as intended by project leaders, because of funding restrictions on DMH/DOR Cooperative Project services.

4. *Comparison group selection bias.* – We have already touched on this issue, and shown comparative enrollment and covered UI earnings data for SFY 1 and later comparison group members. Then, too, a decision was taken to eliminate from consideration in comparison groups anyone whose *most recent* DOR status was 6 (Trial Work Experience), 8 (Closed, Ineligible), or 30 (Closed before Plan Services Provided). This meant that SFY 1 comparison group members were, on average, a more successful group than would have been the case had we not eliminated 6, 8, and 30. We know this from SFY 2, 3, and 4, where we again eliminated 6, 8, and 30. Despite that fact, a fairly sizable fraction eventually ended up in these categories as their current (or, most recent) status as of the end of each fiscal year. The reason is that beginning with SFY 2, comparison group members had to have been in DOR status 2 (admitted to DOR services) at some time during that SFY. Since we used *most recent status,* the DOR status on June 30 of the fiscal year, status 2 was occasionally a person's *most recent status.* By the following fiscal year, some had transitioned to 6, 8, or 30. Comparison group members in SFY 2 and beyond entered vocational rehabilitation and employment services within the same year as participants. We believe that this fact "leveled the playing field" considerably. Another factor is that we used "hand selection" in Year 1, but not in subsequent years. In Year 1, we *deselected* about half of those randomly picked for comparison

Chart V-3. Covered UI earnings per person (total N): project participants and total comparison group, SFY 2 & 3



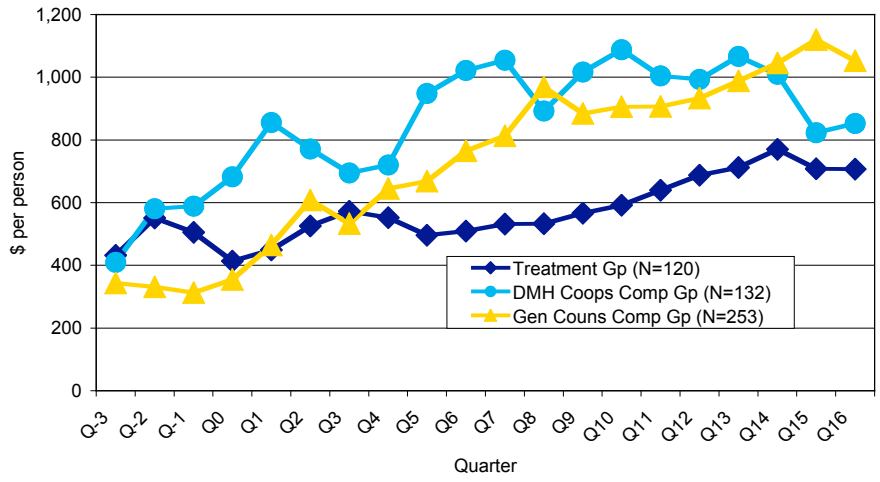
Groups B, C, and D, based on looking at earnings slips and trying to make them as comparable as possible with the earnings slips of those in the project.

Now, by restricting attention to those who entered in SFY 2 or 3, we have more follow-up quarters of earnings to look at (9 instead of 5). The pattern in Chart V-3, on the preceding page, suggests, if anything, that the gap in per person earnings grew in Quarters 7, 8, and 9, more or less two years from quarter of entry to the project. We suspect that the pattern may reflect the downturn in the economy in 2001, and continued support of individuals who stayed in the project. SSI waivers may have had a small impact, as we will see in a few moments.

By Service Arrangement (Coop vs. Generalist Counselor)

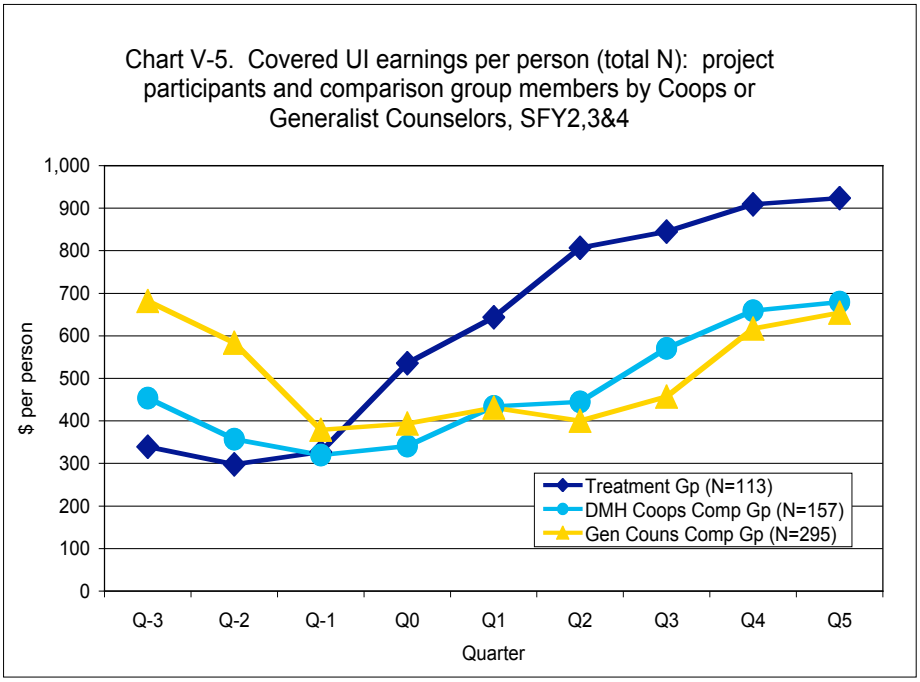
Figure V-4 repeats the pattern of covered UI earnings per person for project participants, and presents this information alongside members of comparison groups, categorized by service arrangement. Those served in other Mental Health Cooperative projects did as well as (or better than) project participants.

Chart V-4. Covered UI earnings per person (total N): project participants and comparison group members served by Coops or Generalist Counselors, SFY1

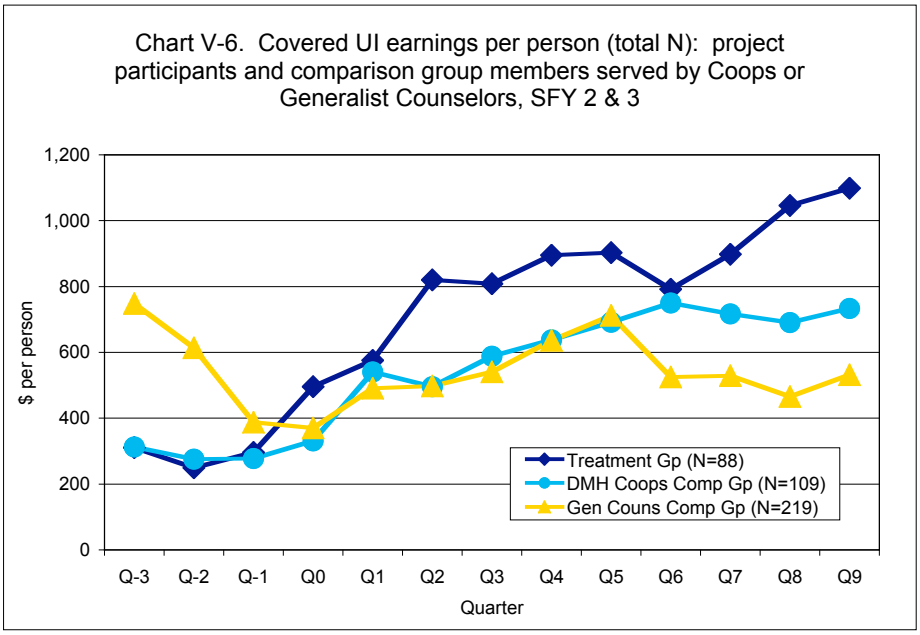


Those served by Generalist DOR Counselor had lower earnings per person (total N) in the four quarters leading to pseudo-entry quarter, but did the best three years later.

Chart V-5 shows project participants who entered the project in SFY 2, 3, and 4, along with comparison group members, by whether served through a DMH Cooperative project or a DOR Generalist Counselor. Here, one sees rough comparability in the pre-Q0 period, especially between the project participants and comparison group members served by Mental Health Cooperative programs.



In the year and one-quarter post project entry (or, pseudo-entry), the time pattern in average earnings for both comparison groups is quite similar, and well below the average earnings of participants who



entered the ISSP project beyond SFY1. Over quarters Q6 through Q9, average earnings rose for participants, stayed about the same for comparison group members served by Mental Health Cooperative projects, and declined for those served by Generalist Counselors. See Chart V-6, on the preceding page. It is possible, of course, that this pattern is attributable, at least in part, to longer-term employment support for those in the ISSP project.

SSI Waiver Effects

SSI Waivers

The ISSP demonstration sites tested four SSI waivers (or, work rule changes), which went into effect May 2001. Everyone receiving SSI (only, or concurrently with SSDI) signed up for the *Three-for-Four Earned Income Exclusion* (shorthand: $3 for $4), wherein SSA excludes the first $65 of a project participant's monthly earned income, plus an additional 75 cents of each additional $1.00 of gross monthly earned income. A second waiver was for *Unearned Income Related to Work Activity*, wherein SSA excluded the first $65 per month of certain types of unearned income that result from work activity (unemployment benefits, State Disability Insurance, workers compensation benefits, and disability related benefits paid through private insurance plans), plus an additional 75 cents of each additional $1.00 of gross monthly earned income. A third waiver involved *Independence Accounts*, wherein SSA allowed a project participant to maintain an Independence Account as a resource, beyond the current $2,000 resource limit.[13] A fourth SSI waiver involved

[13] SSA excluded monies conserved (including any accrued interest) in one separate account for saved wages, not to be commingled with other monies, and with deposits limited to 50 percent of gross earnings, not to exceed $8,000 per year. The account could be a checking or savings account, certificate of deposit, money market, or mutual fund account. It could not be any type of retirement plan. The period during which a participant was permitted to deposit a portion of his or her wages into an Independence Account ended September 30, 2004 or earlier when a participant ceased to be a project participant. Following the close of the period for making deposits, SSA is providing for a 24-month spend-

Suspension of Medical Continuing Disability Reviews (CDR). SSA suspended medical CDRs for participants in the demonstration project who were SSI-only recipients with "medical improvement possible" or "medical improvement not expected" diaries. The suspension of CDRs did not apply to redeterminations of disability that are required for childhood disability recipients who attain age 18.

Background

In May 2001, California became one of four states in the SPI project authorized to offer "SSI waivers" to ISSP project participants. Prior to that time, the usual SSI rules (and work incentives and disincentives) applied.

In both counties, all (or nearly all) SSI recipients in the ISSP project signed up for the waivers. Those earning more than $65 per month (or, $85 if no other income) experienced less of a reduction in their SSI benefits. In October 2003, for example, 68 ISSP participants at VRS were enrolled, and 52 (76%) were working, some exclusively in The Work Center or in *temp, trainee* positions. Five of the 52 reported earnings below $65/$85. At that time, those not working (ten in active job search; one focusing on school; another volunteering; several dealing with health issues) could only imagine what the $3 for $4 Earned Income Exclusion would do for them.[14] At the Kern County ISSP site, 45 out of a caseload of 56 individuals (in November 2003) had signed up for the SSI waivers. The remaining eleven were SSDI Only beneficiaries. Of the 45 signed up for the waivers, 18 (40%) were working. Of those not working at that time, most had at some time taken advantage of the $3 for $4 waiver. No one was earning less than $65/$85 per month.

(continued)

down period during which the resource exclusion under the demonstration project would continue to apply to monies in the account.

[14] Since the SSI waivers began in May 2001, everyone in the ISSP project who has been eligible (on SSI or concurrent) has signed up for them. The number of individuals using the $3 for $4 fluctuates from month to month as participants move in and out of being employed.

As of Fall 2003, eight ISSP participants at San Mateo County had set up Independence Accounts.[15] One client at VRS saved several thousand dollars and was ready to open a mutual fund for savings. However, he later used the money for unplanned moving expenses. One client saved about $15,000, which he set aside for graduate school. Since May 2001, he has completed his Associate of Arts degree, is now working on his baccalaureate, and hopes to continue to get his Masters degree in Counseling or Rehabilitation. Several clients discussed using Independence Accounts to save for reliable transportation. Several clients took vacations and/or visited family with their increased savings. We described briefly use of the other waivers in our *Interim Report* (Shea & Ekstrom, 2004a, pp. 84 to 89), and will not repeat what was said there.

The two sites report that waivers (with associated work incentive effects) encouraged some individuals to work, or to work and earn more, or to accept increases in rates of pay. Individuals continue to receive SSI cash benefits, even when their earnings exceed the typical level where the SSI cash benefit goes to zero in California. For individuals living independently this level is about $1,641 per month.[16] An incentive to work more is associated with the $3 for $4 Earned Income Exclusion. According to ISSP staff, accepting increases in rates of pay is also more likely, because the person can save money in an Independence Account above the typical $2,000 resources limit.

In Kern County, several individuals have reported that the $3 for $4 waiver encouraged them to increase their earnings. For one individual, the $3 for $4 waiver

[15] ISSP staff at VRS feel that some reasons why Independence Accounts have not been utilized more include (1) Bay area's high cost of living compared to the national average; (2) general levels of poverty for people receiving SSI as many feel savings is a luxury they cannot yet afford; (3) general issues with banking and money management among participants; and (4) rules around the independence account may have been too difficult for some people to understand.

[16] In California, an SSI Only recipient living independently could earn (prior to July 1, 2003) up to $1,598 per month before losing the last dollar of a cash benefit. In May 2003, an SSI Only recipient in the project who had signed up for the $3 for $4 waiver could earn up to $3,113 before his or her SSI cash benefit disappeared.

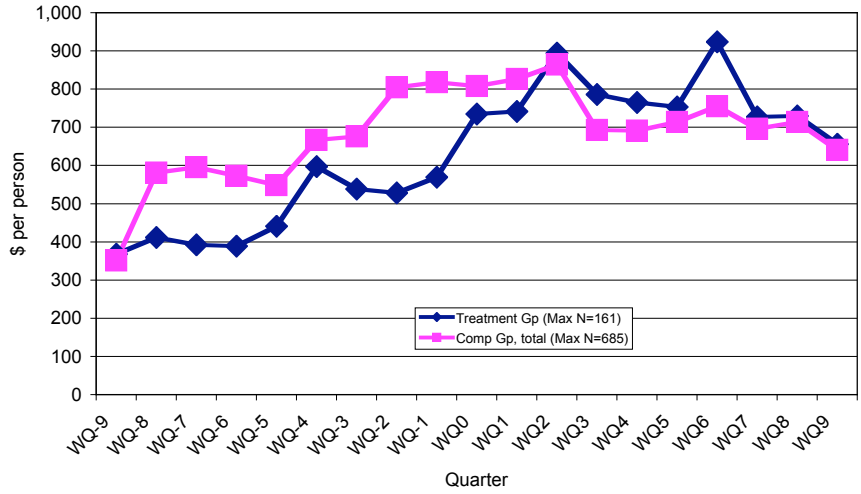
encouraged her to accept a teaching position at the University. Occasionally her earnings will cause her to "zero out" SSI cash eligibility. This had been a source of fear, however she has learned to "trust" the system and know that her SSI eligibility continues.

Because the waivers involve a different calculus than that used for SSI recipients in general, a major change, at least initially, was the smoothness and rapidity with which wage stubs entered the Social Security computer system. Immediately, this brought about a sizable reduction in the volume of overpayments.[17] Indeed, the effect was so dramatic that one BC wondered whether that change alone would be great enough to make the waivers fiscally neutral for the Social Security Administration. Among SSI recipients who are working, pay stubs go over to the local Social Security Office by the 10th of the following month, along with a form providing projections of expected earnings.

Waiver Effects: Employment and Earnings

Chart V-7 arrays earnings in relation to when the SSI waivers went into effect: May 2001. The quarter April/May/June

Chart V-7. Covered UI earnings per person (total N): project participants and total comparison groups receiving SSI, SFY 1, 2, 3 & 4



[17] Unfortunately, these good practices did not hold up over time. On occasion, presumably due to staff changes and the press of other work, wage slips were submitted to the local SSA office by the 10th of the following month, but not inputted to the system for a month, or two, or three, causing serious overpayment issues for some participants.

2001 is designated WQ0, and we have covered UI earnings data through the third quarter of 2003, which is WQ9. For these later quarters, 161 individuals constitute the base. Going back in time, the numbers exceed 100 until about WQ-6, and tail off considerably for earlier quarters.

Chart V-7 suggests that the $3 for $4 SSI waiver probably had a positive effect on earnings. Although not shown here, most of the gain for participants took the form of higher earnings for those who had some earnings, as opposed to a higher percentage with any covered UI earnings.

In terms of growth of earnings per person from before WQ0 to WQ+7, 8, and 9, measured against the *counterfactual* (comparison groups), it was greatest (in terms of percentage change) for SSI Only recipient, and smallest for SSDI Only beneficiaries, with Concurrent beneficiaries in-between. But, because there was overall improvement for each group (measured against the *counterfactual),* there is reason to believe that on-going services and supports also made a positive difference.

Adjusting to the End of the $3 for $4

As we pointed out in the *Interim Report* (p. 88), "Of the 10% or so of 79 SSI recipients who, except for the $3 for $4 waiver, would have left the *cash rolls*, an intriguing question is how they might adjust to the end of the waiver."

Last August, we interviewed twenty-seven current participants in the ISSP project, to learn from their experiences. Table V-2, on the next page, repeats a table in our accompanying topical report (Shea & Ekstrom, 2004b), that shows how much each interviewee earned in July 2004, along with SSA benefits, both SSI and SSDI. (There were other successful participants who we did not interview.)

Table V-2. Monthly income implications of the end of the $3 for $4 SSI earned income waiver, based on July 2004 earnings and SSDI: 27 interviewed individuals

Individual	Earnings	SSDI	SSI under the $3 for $4 waiver[a]	Earnings, plus SSA cash benefits	Earnings & SSA benefits when $1 for $2 returns	Difference in monthly income (dollars)	Difference as a percentage
Nineteen w/stories:							
Pam	$3,548	--	$0.00	$3,548.00	$3,548.00	$0.00	0.0%
Don J.	412	--	708.25	1,120.25	1,038.50	-81.75	-7.3
Wayne[c]	1,899	--	336.50	2,235.50	1,899.00	-336.50	-15.1
Marci	893	--	588.00	1,481.00	1,279.00	-202.00	-13.6
Richard[d]	1,290	$752	--	2,042.00	2,042.00	0.00	0.0
Gabriella[c]	1,279	319	187.50	1,785.50	1,598.00	-187.50	-10.5
Don W.	478	--	691.75	1,169.75	1,071.50	-98.25	-8.4
Kevin	566	--	669.75	1,235.75	1,115.50	-120.25	-9.7
Tom	1,027	--	554.50	1,581.50	1,346.00	-235.50	-14.9
Helen	659	714	--	1,373.00	1,373.00	0.00	0.0
Anthony[c]	3,171	--	18.50	3,189.50	3,171.00	-18.50	-0.6
April	759	765	--	1,524.00	1,524.00	0.00	0.0
Cheryl	305	162	588.00	1,055.00	995.00	-60.00	-5.7
Ken[c]	2,122	--	280.75	2,402.75	2,122.00	-280.75	-11.7
James[c]	1,983	--	315.50	2,298.50	1,983.00	-315.50	-13.7
Billy	500	900	--	1,400.00	1,400.00	0.00	0.0
Derek[c]	2,061	--	296.00	2,357.00	2,061.00	-296.00	-12.6
Diane	133	663	--	796.00	796.00	0.00	0.0
Allen	4,250	--	--	4,250.00	4,250.00	0.00	0.0
Seven w/o stories:[b]							
A	$1,408	--	$459.25	$1,867.25	$1,536.50	-$330.75	-17.7%
B	1,261	--	496.00	1,757.00	1,463.00	-294.00	-16.7
C	506	--	684.75	1,190.75	1,085.50	-105.25	-8.8
D	451	--	698.50	1,149.50	1,058.00	-91.50	-8.0
E	1,398	--	461.75	1,859.75	1,531.50	-328.25	-17.7
F	1,147	--	524.50	1,671.50	1,406.00	-265.50	-15.9
G	355	--	722.50	1,077.50	1,010.00	-67.50	-6.3

[a]Full SSI assumed to be $790 per month.
[b]Could not report on one person because he/she received SSDI of unknown amount.
[c]No SSI, if $1 for $2.
[d]Uses Subsidy work incentive.

Two observations are worth making:

1. The largest change in earnings plus SSA benefits, with reversion to the $2 for $1 earned income exclusion, is nearly $350 a month, for an SSI Only recipient. The biggest percentage change would be –17.7%, for two individuals with monthly earnings close to the break point under the $2 for $1, where the cash benefit would go to zero.

2. The smallest change will be for Anthony, an SSI Only recipient, who earned $3,171 in July. His very small cash benefit of $18.50 will go to zero.

In our *Interim Report,* we wondered whether some individuals would backtrack to capture a small cash benefit, as a kind of *security blanket,* if you will. Based on our interviews, we doubt whether that will happen. We spoke with two individuals who would no longer receive an SSI benefit after last September 30, and both said that that fact would not change how much they would earn.

On the other hand, some individuals making less money may work less (or, work more) because (1) *extra* work will result in much less take-home pay per extra hour under the $2 for $1, especially if there are high costs associated with working (e.g., commute costs) or if the person will have to pay more for subsidized housing; (2) they have gotten used to a standard of living that they may try to maintain; or (3) they have other good uses for their time. Here are a few things that project participants said to us in interviews or surveys to illustrate these points:

- As for the end of the SSI waivers, Pam said she would "just do the best I can." (She is earning about $2,500 per month). She will be "living on less money again." The end of the $3 for $4 will put pressure on groceries and gas for her car. She drives quite some distance (140 miles round-trip) to a town, twice a week, to teach there. This costs Pam over $80 per month

($20/wk x 4.33 wks/mo = $87/mo). The $3 for $4 enabled Pam to travel back to Pennsylvania to see her daughter. That may no longer be possible. Pam, incidentally, is a person who says that really wants to get off of SSI.

- "It [the $3 for $4 waiver] helped financially," Greta said. She got an apartment last year, which costs her $700 per month. Five years ago, Greta was evicted. "Today, I maintain residence in my own apartment, supporting myself, working two jobs as needed. Greta added that it will be hard to keep her apartment, when the $3 for $4 waiver goes away."

- When the SSI waivers end, Sarah said that she may work less, because it is not as worthwhile to work. She will probably spend more time on school, where she is now taking 12 credits.

- Marci's uncle offered her a job at the company's office in a town some distance away. If not for the $3 for $4 exclusion, she would have stayed home. "It is almost not worth it." But, if she left the job, it would reduce her self-esteem. She drives a little Hyundai car, 66 miles a day to and from the office. Looking ahead, the thinks she will leave her current job, and go to school. Marci wants to major in Communications at the local community college. She has applied for financial aid. School starts on August 23rd. She expects to get $300 to $400 per month. Going to school in Communications will help advance her work as an Advocate. "Wanting to be an advocate keeps her going." She will enter the local community college this fall (2004), majoring in Communications. With the change back from the $3 for $4 additional earned income exclusion to $2 for $4, work will not really pay (when considering transportation expenses and take-home pay). So, it is a good time to move toward her long-term goal.

Use of Selected, Publicly-funded Mental Health Services

We now have *prospective* data on use of selected, publicly-funded mental health services before and after entry (or, pseudo-entry) into the ISSP project. But, before reporting these findings, here is an overview of our earlier *retrospective study* of mental health service use in the mid-1990s.

Retrospective Study

We began the retrospective study by having DOR list everyone with *successful* and *unsuccessful* DOR case closures, over a time frame in the middle 1990s, following receipt of services to implement each person's Individual Plan for Employment (IPE). We restricted attention to those with severe psychiatric disabilities, receiving SSI, SSDI, or both, and residing in counties making up our Groups A, B, C and D. With mental health service and expenditure data available to us for a limited number of years, we further limited the analysis to those with a DOR case closure permitting a look at mental health data for 365 days prior to their case being opened, and 365 days after their case was closed. This reduced our number of observations to 591.

Table V-3 shows selected Medi-Cal funded mental health outlays over 365 days *Before* DOR case openings, while cases were open (*During,* which averaged 361 days), and

TABLE V-3. OUTLAYS FOR SELECTED MENTAL HEALTH SERVICES, BY SERVICE (N=591)

	***Before* DOR case opening**	***During* (while case was open)**	***After* DOR case closure**	***After* minus *Before***	
				Number	**Percent**
Inpatient services	$628,835	$417,962	$611,518	-$17,317	-2.8%
Day treatment	820,642	763,282	477,898	-342,744	-41.8%
Medication support	497,493	469,347	471,715	-25,778	-5.2%
Crisis services	134,157	103,475	142,705	8,548	6.4%
Other outpatient services	1,410,012	1,672,182	1,302,706	-107,306	-7.6%
Total	$3,491,139	$3,426,248	$3,006,542	-$484,597	-13.9%
Per person (Avg.)	$5,907	$5,797	$5,087	-$820	-13.9%

Source: DMH and DOR.

365 days *After* case closures. Across the 591 individuals, total outlays fell by $820 (or 13.9%) per person-year. Reduced expenditures for day treatment (41.8%) account for four-fifths of the decline. The next largest change was other outpatient services, with a drop of 7.6%. Other changes – *Before* to *After* – were more modest in both absolute and relative terms. Inpatient outlays, for example, declined by only 2.8%.

We found that:

- outlays for several services, especially Day Treatment, declined dramatically, especially for those with successful DOR case closures to employment (26s);
- there was a sharp reduction in inpatient services while cases were open, but use of such services *rebounded* upward after case closure; and
- cost-offsets occurred even for those with unsuccessful case closures after receiving DOR services (28s), although these cost-offsets were smaller than for those with successful case closures (26s).

The retrospective study suggested that having a job and/or going to school tended to replace Day Treatment for those who received vocational rehabilitation or other employment services, and that long-term follow-up may be critically important for some to avoid hospitalization and other setbacks.

Prospective Study

Our service use data cover a uniform period of chronological time, from July 1, 1998, through June 30, 2003, a period of five years. The first participants enrolled in the ISSP project in January 1999. Because individuals had various periods of time exposed to the possible need for mental health services, we express outlays ($), number who used a given service, and units of service received in relation to person-years. Our service use data cover two periods: *BEFORE* entry to the project (or, pseudo-entry), and

AFTER entry to the project. We ignore service use and outlays during the quarter of project entry.

Table V-4 shows number of individuals and person-years underlying our findings. Because of the time period covered, and when individuals entered the ISSP project, there are many more person-years *after* project entry than *before.* As a common metric, we report on service use per person-year in Table V-5, on the next page. There, one can see that selected, publicly-funded mental health outlays per person-year declined by nearly $1,000 at the ISSP project sites. Rather than a change in Day Treatment, the cost-offsets came principally from inpatient services, residential services (like day treatment, in some respects), and mental health services (not elsewhere classified). It is particularly gratifying to note the absence of any *rebound* in inpatient services, which was evident in our earlier *retrospective study.* It may well be that on-going (or, long-term) support has made a difference in hospitalization.

Table V-4. Person-years *BEFORE* and *AFTER* Quarter of Entry (N=1,068)

		Person-years	
Group/county	N	*BEFORE*	*AFTER*
Treatment Group	209	222	771
San Mateo County	117	99	457
Kern County	92	124	314
Comparison Groups, total(a)	859	975	3,105
DMH Cooperative program	(241)	(293)	(1,036)
Generalist Counselor	(475)	(542)	(1,714)
Total, all four groups(a)	1,068	1,197	3,876

Source: DMH and DOR.
(a) Includes Other Specialized Programs, not shown separately.

Table V-5. Outlays per Person-year for Selected Mental Health Services provided to ISSP participants (Group A), by Service (*N*=209)

Service	*BEFORE*	*AFTER*	*After* minus *Before* Number	*After* minus *Before* Percent
Inpatient:				
Inpatient Hospitalization	$625	$727	$102	16.3%
Inpatient Administrative	40	18	-22	-55.0
Psychiatric Health Facility	0	0	0	0.0
Inpatient (IPC, fee-for-svc)	306	25	-281	-91.8
Subtotal, all inpatient	$971	$770	-$201	-20.7
Residential (regular & crisis)	812	547	-265	-32.6
Crisis intervention/stabilization	324	307	-17	-5.2
Day treatment/rehabilitation	0	13	13	infinite
Case management	872	758	-114	-13.1
Mental health services	2,865	2,566	-299	-10.4
Medication support	1,207	1,151	-56	-4.6
Total (Average)	$7,051	$6,112	-$939	-13.3

Source: DMH and DOR.

VI. Subgroup Net Effects

With the addition of fourth year project entrants, there may be a few changes in terms of sub-groups, beyond those dealing with (1) SFY and (2) whether served by a DMH Cooperative program or a Generalist Counselor. Both of these subgroups were dealt with in the last chapter. But, our overall conclusions as expressed in our *Interim Report* are likely to stand up. Hence, here we simply summarize what we reported earlier.

Over a four-year period, average covered UI earnings per project participant (*N*=208) nearly doubled from $417 to $799, despite a three percentage point reduction in the proportion with some earnings. (The increase among those entering the project in SFY 2, 3, and 4, was much greater over any common time span.) The increase among comparison group members (Groups B, C, & D, combined) was $424 to $899, or slightly greater, but the difference at either point in time is not statistically significant. (Again, these numbers are heavily influenced by SFY 1 entrants, which as a group operated as a *drag* on economic accomplishment as reflected in UI covered earnings.)

In terms of demographic variables, gender and race/ethnicity differences were quite different for project participants than for comparison group members. To be specific, men in the ISSP project did much better than women, whereas women in comparison groups did as well as (or, better) than their male counterparts. Major Diagnosis made little or no difference for either group (participants or comparison group members). Younger individuals of both groups had consistently higher proportions with some earnings than older individuals, especially those 50 years of age or older. With a few exceptions, differences by highest year of school completed were as expected, with those with more education having both higher mean quarterly earnings and larger proportions with some earnings.

Several differences in outcomes in relation to service experiences are noteworthy. Among both participants and comparison group members, those receiving SSI Only started off (Q-3 to Q0) with lower earnings than those in other SSA benefit status categories (i.e., SSDI Only; concurrent beneficiaries), and the SSI Only group ended up three years later with higher mean quarterly earnings. In the case of project participants, the change in covered earnings per person per quarter from Q5-Q8 to Q9-Q12 was especially large ($551 to $889), and we speculated that part of this change may be attributable to introduction of the SSI waivers in May 2001. Whether a person had some covered UI earnings in the quarter before entry to the project (or, pseudo-entry) made a big difference in the subsequent pattern of mean earnings and proportions with some earnings. Nevertheless, none of the *difference in differences* associated with this variable is statistically significant.

One of the intriguing differences, by service experience, relates to the year in which the person entered the project, or was selected into a comparison group. (For this reason, this, our *Final Report* deals at length with this difference, as reported in the last chapter.) Participants who entered in SFY 2 or 3 (July 1, 1999 to June 2001) had lower covered earnings in the base period (Q-3 to Q0) than those who entered in the first year, but had substantially higher earnings in subsequent 12-month periods. In large measure, we believe this reflects several factors, which we identified in Chapter V.

As for having a DOR connection at or near time of enrollment in the project, and whether the person stayed or left the project by December 31, 2001, the data are clear that *stayers* did better than *leavers,* and those with a DOR connection did better than those who were unwilling or unable to sign up for DOR services.

VII. System Changes

We reported on system changes (local and statewide), in detail, in our *Interim Report,* and have very little to add. We know of efforts underway to expand use of the 250% Working Disabled Medi-Cal Buy-In program. This involves outreach and training to impact Medi-Cal eligibility workers in each county, and to help individuals with disabilities and their allies understand this new option. We also are aware of (1) many on-going, federally- supported efforts to make One-Stop Career Centers more accessible and useful for individuals with disabilities, and (2) continued evolution of a benefits website at the World Institute on Disability, in Oakland, California.

VIII. Conclusions

Logic Model

We believe that a good *logic model* for guiding both service development and evaluation must be multi-equation, with one equation *explaining* (or, *predicting)* what factors – including demographics and services (e.g., outreach) – influence the probability that a person with a disability receiving SSA benefits will engage vocational rehabilitation and specialized employment services. At least one other equation needs to *explain* variation in *economic success,* both short-term and longer-term.

Within the context of Mental Health Cooperative program services at Kern and San Mateo counties, it would appear that the SSI waivers had an effect on who entered the project. Initially, there was talk of *waivers,* but nothing specific as to who would benefit. As time progressed, it became clear that California would not get an SSDI waiver, but would receive SSI waivers. As time went by, SSI recipients became a higher proportion of project entrants. See Table VIII-1. On the other hand, there was essentially no relationship between SSA Benefit Status and the propensity to *stay* (or *leave)* the project.

Table VIII-1. Percentage of ISSP project entrants receiving SSI, by SFY

Year of entry	*N*	Percent receiving SSI
SFY 1	120	65.0%
SFY 2	56	60.7
SFY 3	33	81.8
SFY 4	25	88.0

Services

Project services were effective for several reasons. Benefits analysis, planning, and assistance can make a big difference not only in terms of encouraging a person to attempt a return to work, but in managing benefit issues and other things (e.g., best possible mental health) when working. We think the longer-term outcome data also point to the importance of follow-up, and the work of both the BC and SC. Project participants wanted friendly, trustworthy, accessible, and helpful professionals. They got these qualities in ISSP staff, in large measure because of the density of service (one full-time BC and one full-time SC for every 50 project participants). Furthermore, with the unfolding of the project, staff became increasingly skillful in developing *informal* understanding (or, contracts) that predicated the amount of assistance provided on the readiness of the individual to move toward their employment objectives, their effort, and accomplishment.

Additional Thoughts on SSI Waiver

The Statewide Coordinating Committee for the ISSP Project, at their meeting in July 2004, asked the question: "If forced to choose between a $3 for $4 waiver and an Independence Account, which would be preferable? The consensus opinion was that IA's would be more helpful. In part, this reflects the fact that the $2,000 countable resource limit has not kept pace with the cost of living, and having higher income (in the face of the resource limit) forces people to spend just as rapidly as they earn. Here are some things we learned from our interviews last August:

- Reality's 21-year-old daughter, who came with her father to the interview, and who is married and has a daughter, observed: "They save for a reason. Why should they have to spend it [to get under the $2,000 limit]?"

- There is a big difference between the amount of money that disqualifies ($2,000) and the amount that a disabled person needs to go to college, buy a home, get the health care needed to get better, or survive without disability checks (in the long term).

- [I would like] to put aside some of the 1 for 4 dollar SSI payment check (1/2) for allotment (voluntary) on a 6-month payment schedule to save more and get additional time to think about use of extra money.

- Ken has a lot of money withheld for IRS. Each month (or, each pay period), he has about $600 withheld for IRS, and takes home about $600. He would like to see SSA be able to hold back some dollars in an Independence Account, and give those dollars to the recipient every 3 or 4 months. This would encourage good spending habits, he said. Right now, there is constant pressure to spend. There should be time to plan, and to find better deals.

The $3 for $4 SSI waiver does increase earnings, but not enough to reduce SSI transfer payments. For those who received SSI in June 1999 and May 2003, SSI payments rose by 12%, but would have declined by 3% if employment and earnings stayed the same and the $1 to $2 applied.

We now see value in testing different packages of incentives and other modifications in services. Rather than broadcast a $3 for $4 SSI waiver and make it available non-contingently to everyone, we think it makes sense to test making such a waiver contingent on *effort* and *accomplishment.* Further, because some experienced vocational counselors pursue a strategy of encouraging individuals to experience a lifestyle consistent with greater self-sufficiency, knowing that it is human nature to maintain a new equilibrium, we think the following should be tested:

- As an option, offering the $3 for $4 to those who get close to SGA, for a limited period of time (3 to 5 years).

- As an option, offering a reduced rate of reduction in SSI contingent on earnings, with SSA matching funds (say $1 for $1) for earnings set aside in an Independence Accounts and not counted toward the $2,000 countable resource limit, whether withdrawn or not.

- For those who leave the SSI cash benefit rolls, requiring that the person be below the $2,000 countable resource limit for Expedited Reinstatement or upon reapplication for SSI benefits.

We no longer believe that any general *woodwork effect* would be substantial enough to lead some eligible individuals to apply for (and get) SSI. If we are wrong, SSA could condition certain waivers on having been an SSI recipient for some period of time. Further, at least for some individuals we believe it is time to test some modest *work requirements* found to have been successful in encouraging movement from welfare to work.

Additional Research

We acknowledge that *random assignment* research designs are the gold standard, when it comes to policy-relevant research on *net effects.* We also believe that matched comparison group designs are a second best. Further, when (as with SPI) there is an opportunity to do a number of case studies involved in *baseline, intervention, return to baseline,* we feel that such single-subject research designs should be pursued – if such research would add to our understanding of what policy options, such as time-limitation of a $3 for $4 waiver, might accomplish. It is not too late, in our judgment, to study the implications of returning to the $1 for $2 earned income exclusion, or how those with IAs spend-down their savings over the 24-month period following September 30, 2004. We urge the Social Security Administration to study (and report on) these matters.

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